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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Further on Journalists' World Events Forum

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[Part two: "A Forum Held by LIAOWANG for Special
Reporters To Discuss Changes in the World Pattern"]

[Text]

The Reunification of Germany and Its Impact on the International Situation

Hu Yongzhen [5170 3057 720'] (XINHUA Bonn
Branch Chief Reporter):

The world pattern is changing, and it is due to a variety of factors. The new German reunification will be an important factor in forming a new world pattern; it will transform the postwar European pattern, bringing new changes in the balance of force between the East and the West. At present, various political forces are striving to bring German reunification to a direction of development beneficial to themselves. Therefore, various conflicts, including new and old ones, will emerge together. Up to now, the six aspects of conflict which have already been revealed are as follows:

First, the conflict between the East and the West. This conflict manifests itself mainly as the problem of the status of Germany after reunification. Western countries differ sharply from the Soviet Union on whether the reunified Germany belongs to NATO or remains neutral. It is now difficult to predict how the problem will be solved. There are some plans: First, the West suggests that after reunification Germany remain in NATO, while the Soviet Union and the preelection government of the GDR advocate that it remain neutral; second, there is a French model that says the reunified Germany belongs to NATO politically but not militarily; third, in a plan proposed by Hans-Dietrich Genscher, foreign minister of the FRG, Germany after reunification would belong to NATO, but NATO's army and organs would be stationed only in the areas of today's West Germany and would not extend to the areas of today's East Germany, while the Soviet Union may continue stationing troops in the areas of East Germany, and the number of troops to be stationed will be decided upon after disarmament; fourth, the two military groupings (NATO and the Warsaw Pact) will be abolished, and a new security organization will be set up in Europe, so as to solve the problem of the reunification of Germany. Of these four plans, the first and the fourth show a large difference in the stand of each side, while the second and the third plans, particularly the third one, are more likely to be realized through negotiation.

Second, the conflict between Soviet security interests and German reunification. The GDR has always been an important buffer zone in the Soviet strategy, and it is an important force within the Warsaw Pact. Once the two

Germanys reunify, and according to the third plan for arranging the status of Germany mentioned above, the buffer function of the GDR will be greatly affected. In addition, the Warsaw Pact is in a stage of gradual disintegration, posing a direct threat to Soviet security interest.

Third, the conflict between Soviet economic interest and German reunification. The Soviet Union has close economic relations with the GDR; they are mutually dependent and mutually supplementary. At present, the joint enterprises and enterprises in the GDR have signed a total of more than 160 contracts with their Soviet counterparts concerning cooperation. Once reunification takes place, how can these contracts be fulfilled? Since last year when changes took place in the political situation of the GDR, due to various reasons, the GDR has failed to ship as many as 25 percent of goods agreed upon in the contracts, directly affecting agriculture in the Soviet Union. The Soviet Union has close economic relations with the GDR, the interests involved are tremendous, and the conflict is also extremely acute.

Fourth, the conflict between political and economic interests of the Western allies and German reunification. This conflict is also conspicuous. The 1955 German Treaty signed by the United States, Britain, France and the FRG defined the rights and obligations for the allies; therefore, they cannot come forward to openly object to or disagree with German reunification. However, they have reservations of varying degrees toward German reunification. British Prime Minister Mrs. Thatcher is a representative figure; she has considered Britain's own political status and military interests, as well as its economic interests in the EEC, revealing the adopted delaying strategy aimed at German reunification. She once said that German reunification has to go through a transitional stage of 10-15 years. Such a long period is unbearable for the FRG.

As for the United States, it has expressed its support from the very beginning, but only under four conditions: Free elections, interests of the allies, and respect for the European boundaries, etc. In reality, the United States attaches great importance to the problem of German reunification and of American existence in Europe after reunification of Germany. The purpose of the "new Atlanticism" of the United States is for safeguarding and strengthening its interests in Europe—military and economic. As for France, this time new conflict has arisen between Germany and France. Originally, in Western Europe, Germany and France were the Axis. But when FRG Chancellor Kohl proposed the 10-point scheme for German reunification on 28 October 1989, he neither discussed it with French President Mitterrand nor notified him. France is very unhappy with this. Proceeding from its own position, France advocates with all its might that European integration and German reunification must keep the same pace. Mitterrand wants to confine reunified Germany within the EEC through European integration, bringing about a kind of restraint on Germany. Furthermore, France is worried about the

emergence of a strong Germany right next to it. France was a victim during World War II, and although a German-Franco treaty was signed in 1963 and relations between both countries have been at ease, whenever the calamity of World War II is remembered, France has a lingering fear.

Fifth, the conflict between small European countries who are Germany's neighbors and German reunification. In this aspect, Poland is more conspicuous. The border storm, which took place in early March, and lasted for about a week, illustrates this point. At that moment Kohl linked respect for the Oder-Neisse Line with the demand that Poland give up a request for indemnity from Germany and protect the rights of the German minority in Poland. Poland reacted strongly. Prime Minister Mazowiecki made speeches, saying that if the West German Government is still not willing to respect the Oder-Neisse Line and formally recognize this border, then Poland would raise the issue of asking for indemnity from Germany because more than one million Polish people were forced to work and serve for the Nazis during World War II. Shortly after, Poland's president and prime minister visited France and joined with Mitterrand to deal with Germany, forming great international pressure on the FRG. Considered from its own security interests, Poland thinks that after German reunification takes place, it means that the eastern border of NATO is shifted eastward to the Oder-Neisse Line from its present location on the Elbe River, then Poland will be under direct threat from NATO in the west. It is the reason why Hungary and Czechoslovakia have demanded the withdrawal of Soviet troops but Poland has not. There are 380,000 Soviet troops in the GDR and 50,000 in Poland, and they are a very important force for stabilizing Poland's situation and freeing Poland from threats from the West.

Sixth, the conflict between the two Germanys. Reunification is a very complicated process; setting aside international factors, even between the two Germanys, there are complicated questions. Judging from the conflict between the GDR Government and the FRG Government, there are the problems of postreunification status, Poland's western border, the speed with which reunification takes place, and the FRG demands that the GDR quickly change its political and economic systems. It also involves a series of problems such as economic union and monetary union. If these conflicts remain unsolved, there is no way to realize German reunification. At present, it seems that the process of reunification is speeding up, and there is information saying that Kohl has decided to adopt a monetary union starting in July.

During this period, the FRG has adopted a "double-track strategy" toward German reunification: One is the international track, the other is the German track, and both tracks are followed simultaneously. In the international arena, the FRG has launched a series of diplomatic activities, and the frequency of this kind of activity has reached a record high, while between the two

Germanys, interactions of various kinds—official, civil, multilevel, and multichannel—between both sides have been stepped up.

The "double track strategy" adopted by the FRG is a strategy aimed at achieving reunification of the whole by maneuvering partial union. Other than economic union and monetary union, there is a series of other unions such as post and telecommunications union, transportation union, and social union etc., turning reunification of the two Germanys into an accomplished fact.

The reunification of Germany is a necessary trend which no one can stop. But it is difficult to say when it will be reunified. Recently, Kohl thought that it needed a year or two to be realized.

Britain Is Delighted and Worried

Xue Yongxing [5641 3057 5281] (XINHUA London Branch Director):

There have been big changes in the international situation, and the key changes have taken place in Europe; I want to voice some of my opinions with regard to the situation in England.

Britain and Mrs. Thatcher perhaps have given people an image of incompatibility concerning international problems. There are three problems that are most obvious:

The first problem is the problem of the cold war. Has it ended? Last year, after the meeting in Malta between Soviet leader Gorbachev and United States President Bush, the cold war was declared at an end. Mrs. Thatcher came out and said: Wait! The cold war has not ended.

The other problem is the problem of Eastern Europe. In the beginning, the United States and the countries in Western Europe were extremely happy (to see the rapid changes in the situation of Eastern Europe), but Mrs. Thatcher came out and said: It is too early to be happy, we must calmly wait to see. She has an opinion which holds that communism will not retreat from the historical stage voluntarily. She has another viewpoint: At a time of great change, there is also great danger.

The third problem is the problem of German reunification. It is not good for her to openly oppose it, but in reality she has reservations. She said that she would not object to German reunification if it is carried out in the domain that would not violate many of the important international treaties signed after the war, including the Yalta Agreement, as well as within the domain of the EEC and the CSCE. It should not surpass this domain. If we say that there are delights as well as worries for Britain and Mrs. Thatcher concerning the problem of Eastern Europe, I feel that on the problem of reunification of the two Germanys, the worries for them surpass their delights. Why must Britain and Mrs. Thatcher hold a viewpoint different from the Western trend on these problems, adopting uncompromising rhetoric and going against the tide? The main reason is still determined by

Britain's own interests. Britain, like the United States, must consider protecting its own interests amid changes in the international pattern, as well as its own international status and its right to speak. I think that there are three major reasons:

Political and diplomatic reasons: After the two Germanys reunify, it will become a major challenge and threat to the current British status in the international arena. It seems that Britain is worried about a possible impact on the relations between Britain and the United States, and between Britain and the Soviet Union. In addition, in the EEC, Britain's right to speak will probably further diminish.

Military and security considerations: The two world wars were all originated from Germany, and twice Britain was the main opponent; Britain was still very alert about Germany. It should be regarded that Britain's current military position within NATO is still relatively important, and Britain is quite qualified to speak. When Mrs. Thatcher stressed that Germany must remain in NATO after reunification, she was in fact trying to control it, and confine it within the domain of NATO.

The third reason is an economic one. Judging from the whole world, the large economic triangle is comprised of the United States, Japan, and Western Europe, while Western Europe is comprised of mainly three or four countries: The FRG, France, Britain, and Italy. After the two Germanys reunify, it will become a major threat to the British economy. Britain must also consider that after the two Germanys reunify, some portion of the FRG's money will probably flow to the GDR rather than remain in the EEC, and then the benefits available to Britain will be reduced.

Mrs. Thatcher is relatively frank and dares to speak out on some problems. In order to protect her country's interests, she fears no isolation and is outspoken. However, the speeches and actions of Mrs. Thatcher have revealed Europe's and Western Europe's worries about German reunification and changes in the world pattern. She has talked about these worries, while others have not.

The Conflict Between the North and the South Has Not Eased Correspondingly

Qian Wenrong [6929 2429 2837] (XINHUA UN Branch Director):

The improvement of U.S.-Soviet relations has not eased correspondingly the conflict between the north and the south; that is, between developed countries and developing countries, and between rich countries and poor countries. The conflict between the north and the south is accelerating, and Third World countries find themselves in more difficult situations.

The vast Third World countries generally welcome the easing of U.S.-Soviet relations. This is because: They have seen the past U.S.-Soviet confrontations when the

UN could not play its function well; since U.S.-Soviet relations began to ease, not only have both countries reached some agreements on disarmament outside the UN, but even within the UN the atmosphere of conciliation and compromise has begun to dominate, and it is beneficial for the UN to enhance its role in safeguarding peace and promoting international economic development; in some areas clashes begin to be resolved, initially and partially, such as the withdrawal of Soviet troops from Afghanistan, the cease-fire between Iran and Iraq, and Namibia's independence; there has been progress in talks on disarmament, and the UN authoritativeness has greatly increased. They also hoped that under the easing up condition, the United States and the Soviet Union can use the money from large-scale disarmament to help the developing countries, assisting them to overcome the intensifying economic difficulties.

However, Third World countries discovered that the conciliation between the East and West, and the changes in the world pattern, had brought about a more complicated and grim situation to their struggle for national independence, state sovereignty, and economic development. In the past, whatever reasons and motives there may be, the Soviet Union and the Eastern bloc have always stood by the side of the Third World and supported them on a majority of problems. Now, in order to improve relations with the United States, the Soviet Union and some countries in Eastern Europe have conformed or come close to the stand of the West on many problems. For example, last year, the Arab countries and the PLO proposed during the UN General Assembly that the observer status of Palestine as a liberation organization be raised to the observer status of a state (that is, Palestinian state). The United States of course opposed this proposal with all its might. It was alleged that the Soviet Union privately asked the PLO and Arab countries to drop that proposal, or otherwise it would cast a vote against it.

Third World countries originally have hoped that the superpowers can use some of the money saved from disarmament to help them. It seems that it is unlikely that this will happen.

The north-south dialogue, which began in 1977, has not made any progress. The economies of many Third World countries have continued to deteriorate. There is a total amount of foreign debts of \$1,300 billion, while the prices of primary products continue to drop and conditions for foreign trade worsen day after day. During the UN General Assembly last year, the vast developing countries loudly called on the international community to look at their economic problems in the Economic and Social Council, but the developed Western countries and the Soviet Union have stressed only the importance of the environmental problem, and spent the entire three months in discussing it. This issue was a matter of concern to the developed countries, and they set aside economic problems, which are the urgent matters facing the Third World.

To conclude, the status and conditions of Third World countries have not improved because of the eased U.S.-Soviet relations and the great changes in Eastern Europe. From now on, the political and economic struggle between the north and south, the struggle for and against interference, and the struggle for and against control will intensify. The vast Third World countries will strengthen unity during these struggles, restore the fighting power of the Nonaligned Movement, and together they will defend their sovereignty, independence, and national interests.

Trends in the Asian-Pacific Region Worthy of Attention

Yu Hang [0060 2635] (Assistant Chief Editor of the XINHUA News Agency Asian-Pacific Branch):

On the scale of global pattern, and in terms of change from U.S.-Soviet bipolarity to multipolarities, we can say changes in the Asian-Pacific region are very important. Some of the trends in this region are worthy of attention. In the following I would only dwell on two of them:

First, the Asian-Pacific region has experienced a great lift and boost in political and economic status in the world arena, particularly toward the end of the 1970's. The Asian-Pacific's economy saw a decade of fairly rapid development between the 1970's and 1980's, which probably was inseparable from the change in the global pattern. Along with the rise of Japan, the economic strength of the Asian-Pacific region, in particular areas and countries on the periphery of China, have developed fairly rapidly and received much world attention. The "four little Asian dragons" and ASEAN countries have developed rapidly; and among the South Asian countries, the development of India's economic strength is not to be neglected. Along with the rise of its economic power, the Asian-Pacific region's political status has gained importance.

Another thing, the influences of the two superpowers in Asian-Pacific region are weakening. Of course, they will not loosen their grasp on the region, and for the moment we should not underestimate the military tension between them, and for a long time to come it does not seem likely that the tension will weaken. There has been great change in the Soviet policy toward the Asian-Pacific region. In the past the Soviet policy was characterized by military deterrence. Since he came to power, Gorbachev has changed the policy and has adopted a relatively flexible diplomatic offense. Over the last two years Gorbachev has paid particular attention to economic diplomacy. At present it seems that the Soviet Union intends to enter the Asian-Pacific region and to develop its economy in the Far East by making use of the region's power, including Japan's.

The developments have offered pressure as well as challenges to China. There is pressure because the surrounding areas and countries have developed rapidly. However, China has many favorable conditions—especially the decade-long reform and opening up, which

has provided it with favorable conditions. Some people worry that the capital of some Asian-Pacific countries may flow to East Europe in the wake of the changes there. This trend does not look significant, and it does not seem that capital will immediately flock to East Europe. Because situations there remain unclear, its economy cannot be improved quickly; and it is difficult to immediately stabilize the situation. I am afraid it will be difficult to attract large investment, especially investment from the Asian-Pacific region. As long as China's policy fits the situation, and its domestic situation is stable, its economic development will have great prospects.

The Arab Countries Need a Unified Strategy

Gao Difu [7559 36954395] (Director of the XINHUA News Agency's Middle East Branch):

I am afraid the long-term influence of changes in East Europe on the global pattern is profound. The Middle East region is nearer to Europe and is described as the side wing of Europe. It occupies an important strategic position, has rich oil resources, and has long been the target of U.S. and Soviet efforts. The momentum of change in eastern Europe has been strong and the influence on the Middle East has been relatively great. The attitude of Arab countries toward the change in Eastern Europe can be divided into three phases. In the beginning it welcomed the change, viewing it as the spread of the wind of democracy around the world. However, the change quickly caused responses in their own countries. Turmoil occurred in domestic political situations. In the second phase many people were alarmed. Now many countries have entered the third phase—namely, adopting measures and policies to deal with the challenge and producing measures to deal with the problems in their own countries, with strategic problems in the Middle East region, and with global strategic problems. Many Arab countries have requested the Arab League to produce an Arab strategy. In some countries, like Egypt, President Mubarak has established a State High-Level Strategic Commission to study countermeasures.

The immediate response triggered by changes in eastern Europe consists of the following:

1. In Arab countries students have staged street demonstrations and workers have gone on strike in demands for democracy, lifting bans on party organization, more parliamentary democracy, freedom of the press, and so on. This has had to do with the occurrence of political turmoil, more or less.
2. There has been an influence on Middle East regional problems. Relations between the Soviet Union, East European countries, and Israel have developed very rapidly. To date four East European countries have resumed diplomatic relations with Israel. There has also been progress in Soviet-Israeli relations, especially with the recent Jewish immigration problem, which has drawn relatively strong response from the Middle East. As a matter of fact, the boost to Israeli influence and

status has created a negative impact on Arab countries in the Middle East. This has made the Middle East problem more difficult and complicated.

The United States has recently been more active in resolving the Middle East problem, involving itself either directly or through its proxies.

3. Viewed on the global scale, the Middle East has long been a place of power scramble between the United States and the Soviet Union. Now that the latter, along with some other countries, has retreated, some Arab countries feel lost. They do not know what to do.

The situations between Middle East countries are more complicated. Situations between them vary, and so do their countermeasures. Many countries have adjusted their internal policies in an attempt to first stabilize internal situations and to absorb the shocks to the countries caused by changes in eastern Europe.

Arab countries have strongly demanded a unified strategy for Arab-Israeli conflicts. Previously on one side was the compromising and moderate faction, and on the other the Nonaligned country faction. Now there is a trend that divergent views are gradually converging: the Nonaligned countries have agreed to compromise, which may help coordinate the stands of Arab countries and resolve some of the internal divergencies. Where the Arab countries may achieve consensus are: First, organizing and sending a delegation team to the Soviet Union to negotiate on the immigration issue. Second, the need to adopt a unified Arab strategy to resolve Arab-Israeli conflicts. However, it remains relatively difficult to adopt a unified policy for resolving the entire Middle East problem.

Arab countries must deal with the challenge with political and economic means. Politically they must coordinate internal affairs and strengthen unity. Economically, to deal with the challenge, it may be necessary to gradually strengthen and coordinate relations between the existing regional groups, the Gulf Cooperative Commission, Arab Cooperative Commission and Maghreb Cooperative League. Of course there are also the problems of dealing with the formation and influence of the 1992 unified European market on the entire Arab countries.

In Africa the Major Problems Remain Economic Ones

Chen Hegao [7115 7729 7559] (Deputy Director of the XINHUA News Agency's African Branch):

The influence of the improvement of U.S.-Soviet relations have mainly been shown in the following two aspects:

1. Both U.S. and Soviet policies toward Africa have changed. Over the last several years, though still scrambling for spheres of influences, the United States and the Soviet Union have boosted cooperation in resolving issues in regional hot spots. This has been chiefly shown

in southern Africa, especially on the problem of Namibian independence in southwest Africa. Both the United States and the Soviet Union played a role in Cuba's military withdrawal from Angola. The change in U.S.-Soviet relations has greatly influenced the settlement of issues in the tip of Africa.

2. Changes in U.S. and Soviet strategies have pushed for the resolution of African countries' internal problems, such as the relations between the antigovernment forces and the Angolan, Mozambique, and Ethiopian Governments, and those between the two camps in Sudan. Although the resolution of these problems may still take a process, the overall trend has been good.

I would like to dwell more on the influence of changes in Eastern Europe on Africa. In the West there are people who think that the "wind of democracy" has spread to Africa, especially to western Africa. Their main grounds are some student demonstrations and marches and certain riots in some countries. Are these events caused entirely by the situation in eastern Europe, or partly by some other factors? I believe they have largely been caused by internal economic crises in these African countries.

Following the 1980's, some African countries launched economic reforms and requested loans from the IMF, which attached its loans with many conditions binding the countries to carry out many specified projects. These conditions have in fact done very little to improve the African economic environment and revitalize its economy. Economic crises have occurred in some African countries; the people have demanded pay rises and improvements in living conditions, and people have brought up the issue of government corruption. All these have no direct connections with changes in eastern Europe.

How great has the influence of the East European situation been on Africa? My opinion is that it has not been very great. There are people in the West who pointed out that the conditions for the search for so-called western democracy in African countries are not mature.

Right now the chief concern in Africa should be economic problems. Over the last several years, the African economy has increasingly deteriorated. A World Bank report says the per capita income there remains at the same level as 30 years ago—not much of a change. Last year, the gross production value of African countries increased by 2.8 to 2.9 percent, and about 2.4 to 2.5 percent in the previous year, while the population grew by more than 3 percent. Economic development has lagged behind population growth. Moreover, the problem of debt, which already amounts to \$250 billion, will probably not be resolved for quite some time. Secretary-General of Organization of African Unity Salim Ahmed Salim said recently that for Africa the most important thing is not democracy or the multiparty system but the resolution of the problem of livelihood.

At present, what most worries African countries is that, in the wake of changes in Eastern Europe, the West would switch its aid there. The western countries' most recent aid to Poland and Hungary alone, in per capita terms, was 10 times the amount for African, Caribbean, and Pacific Ocean countries. Moreover Western aid to African countries has always been attached with political conditions, which they detest.

The U.S. and Soviet Strategies in Latin America

Shen Jiasong [3088 1367 2646] (Director of the XINHUA News Agency's Latin America Branch):

Both the United States and the Soviet Union have adjusted their strategies toward the Latin American region. This has chiefly been shown in the Soviet's gradual retreat from the region and through intensified U.S. efforts to advance power politics in the region with the aim of stepping up peaceful evolution in Latin American socialist countries. To those comparatively radical anti-U.S. Latin American countries, the United States has intensified its "pressure to bring about evolution," willing to resort to force if necessary. Panama was one such instance.

The socialist and comparatively radical countries in the Latin American region have generally experienced more difficulties. Most of the countries in the region are in difficulty, and one of the current biggest problems is economic adversity, of which the largest issue is debt. The United States produced a so-called "Brady Plan" in an attempt to solve, to some extent, the debt problem of Latin America. The plan did not work. Following the change in the East European situation, capital may start flowing there, and to a certain extent this will affect Latin America.

Change in the U.S. and Soviet strategies may have three possible outcomes:

1. The United States may find itself with more burdens. The invasion of Panama was a success. But the new Panamanian Government has asked the United States to compensate for the losses caused by U.S. economic sanctions imposed early on and for the losses incurred in the military invasion. In all, they amount to \$3 billion. In Nicaragua, the United States helped Chamorro to power. But the economy of this country is also in deep trouble, and it has requested money. Other countries want money from the United States, too. How can it afford all this?

2. Latin American countries may now be more eager to seek to standardize the economies of poor countries among them in order to ride out the difficulty. Now there is the eight-country group in Latin America. Latin American countries want more than ever to unite and launch economic standardization. The United States wants Latin American countries to pursue political democracy and a liberal economy. This may accord with the demands of bourgeois political figures. But at the same time the United States is pursuing human rights diplomacy and interfering in other countries' internal affairs

by exploiting human rights and drug issues. This will make Latin American countries more united in safeguarding state sovereignty and opposing U.S. intervention.

3. Contradictions between the United States and Japan and western Europe will become more intense. The United States does not have sufficient economic power to fulfill all of its wishes. Latin American countries turn to Japan and western Europe for support. There is now intense Japanese infiltration in Latin America. Economic contradictions between the United States and Japan and western Europe will probably intensify.

The Struggle Between Evolution and Antievolution Will Be of A Long-Term Nature

Mao Ruiqing [5403 3843 3237] (Director of the XINHUA News Agency's Paris Branch):

At present, the international situation is in turmoil, with various sorts of deepening contradictions and intense struggles. The status of both superpowers, the United States and the Soviet Union, is lowering. The internal relations of the two military camps, respectively headed by the United States and Soviet Union, are changing. The functions and roles of Japan and Western Europe are expanding. The gap between the south and north is widening, and their contradictions deepening. The struggle to safeguard national independence, state sovereignty, and economic development in the Third World has become more complicated and serious. In particular, international hostile forces are stepping up efforts at the peaceful evolution tactic. The struggle against the vain attempt to subvert the political power of socialist countries has become white-hot.

Ever since the appearance of the first socialist country, U.S.-headed Western countries have resorted to military means, interference, and invasion of socialist countries in a vain attempt to subvert and overthrow the new type of people's power. All such attempts failed. But imperialists have not given up. They have changed tactics. Apart from employing military means to continue their threats against socialist countries, they have relied on covert and peaceful means to conduct infiltration on all fronts, and this is in an attempt to fulfill goals that military means had failed to reach.

The means of peaceful evolution by international forces vary. Diplomatically, they have exerted various kinds of pressure on socialist countries: blockade, isolation, or, with a "goodwill" appearance, cajoling and tempting with various means. Economically, they have exploited the temporary difficulties faced by these countries and offered loans, economic aid, or "humanitarian aid" attached with conditions in an attempt to influence and change socialist countries' policies and direction. Culturally and educationally, they have made use of television and radio broadcasts, issued various publications, set up cultural centers, offered scholarships, and so on, to publicize bourgeois lifestyle and cultural values and to train pro-West elements. Ideologically, they have tried to

corrupt people's minds and slowly turn them into slaves to the bourgeoisie through publicizing bourgeois world outlook and value concepts. Moreover, they have exploited internal contradictions and difficulties in these countries and instigated trouble; they have even openly supported and helped opposition forces, trying to directly subvert socialist power from within the countries.

In the future, international hostile forces will continue to pursue the peaceful evolution tactic. The struggle between evolution and antievolution will be complicated and long-term in nature.

Keen Response to AsiaSat Reported

HK0205014590 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 2
May 90 pp 1, 3

[By Geoff Crothall, in Guangzhou]

[Text] China has been bombarded with inquiries concerning possible satellite launches since the successful launch of AsiaSat-1 earlier last month, according to the vice-president of Great Wall Industries, Mr Lin Jingliang.

"With the success of AsiaSat-1, we no longer have to talk about our capabilities. Everyone can see for themselves what we can achieve," Mr Lin said.

"Last month alone we have had numerous inquiries from overseas organisations," he said. "Organisations we have already held preliminary talks with have shown renewed interest in a number of projects and I hope we will be able to finalise at least one contract before the end of the year."

Great Wall, the manufacturing arm of China's aerospace ministry, has already signed contracts to launch two Australian satellites and a communications satellite for the Arabian Communications Satellite Organisation.

AusSat-1 will be launched on a Long March 2E rocket, the most powerful of Great Wall's Long March family—with a lift-off thrust of 600 tons—next year, to be followed by AusSat-2 in 1992.

The pan-Arab satellite will be launched by a Long March 3, probably in 1994.

Mr Lin said Great Wall was negotiating with organisations from the United States, Sweden, West Germany, France, Britain and Brazil as well as a number of international consortiums.

"We have three major advantages over our competitors. First, the Long March rocket is very reliable; all 26 missions have been successful," Mr Lin said. "Second, because of China's low labour costs, we can considerably undercut our competitors' prices."

Mr Lin said the cost of launched AsiaSat-1 was around 30 per cent cheaper than using the European Ariane

launcher and infinitely cheaper than the U.S. space shuttle. [sentence as published]

"Finally, we can get satellites up a lot quicker than anyone else," he said. "AsiaSat took only 14 months from the signing of the contract to launch, it would normally take around two years."

Asked if the growing anti-Chinese sentiment in the United States might lead to the U.S. administration placing a ban on further U.S.-made satellites such as AsiaSat being launching in China, Mr Lin said: [Lin's comments missing as published]

Meanwhile, China will continue to develop its own satellite programme and plans to launch another Great Wall telecommunications satellite in the near future, according to Mr Lin.

While China's satellite technology still lags behind the West, Mr Lin pointed out China's level of technical sophistication was more than adequate to satisfy the country's own needs.

Official Views Licensing of Import Commodities

OW0205093290 Beijing XINHUA Domestic Service
in Chinese 1223 GMT 20 Apr 30

[By reporter Zhang Yi (1728 3015)]

[Text] Beijing, 20 Apr (XINHUA)—During discussions today with the commercial attaches and representatives of some foreign embassies in China, Zhu Zhenyuan, director of the State Administration of Import and Export Commodities Inspection, noted that the system of issuing licenses to quality import commodities, which is scheduled to be implemented on 1 May, is conducive to protecting the legitimate rights and interests of Chinese and foreign trading partners.

When asked by a West German trade representative why the system is being implemented, Zhu Zhenyuan said: The nine categories of import commodities covered by the licensing system, which is scheduled to be implemented on 1 May, have considerable quality and safety problems. This has not only compromised the interests of domestic consumers, but has also affected the development of trade between China and some countries. To illustrate his point, Zhu Zhenyuan stated: More than 1,300, or 8.41 percent, of the 16,000-odd automobiles imported by China last year failed inspection. In addition, 100 of a shipment of 150 automobiles inspected in Shanghai failed the test.

Zhu Zhenyuan said: The nine import commodities covered by the quality licensing system will be inspected primarily for their safety. The inspection of their quality will be chiefly conducted according to contractual provisions. Under ordinary circumstances, no destructive tests will be carried out.

In reply to questions by the U.S. and French trade representatives, Zhu Zhenyuan noted: The categories of

import commodities under the licensing system will not be increased this year. Certificates issued by foreign commodity inspection agencies, and recognized and signed by China's State Administration of Import and Export Commodities Inspection, are acceptable as licenses.

Participating in today's discussions were the commercial attaches of 18 embassies in China—those of the United States, Britain, France, Japan, Canada, Italy, the FRG, the GDR, the Soviet Union, Czechoslovakia, Romania, Australia, Hungary, Switzerland, Sweden, Finland, India, and Singapore. Zhu Zhenyuan gave a briefing on the laws, regulations, and administrative measures issued successively by China since the promulgation of the "Commodity Inspection Law," and on commodity inspection work in the past year. He also heard the opinions of the foreign commercial attaches and representatives on commodity inspection.

Country Joins Military Medical Organization

*OW0205101790 Beijing XINHUA in English
0606 GMT 29 Apr 90*

[Text] Madrid, April 28 (XINHUA)—The People's Republic of China has been admitted to the International Committee of Military Medicine and Pharmacy.

China's military attache to Spain, Wang Qiming, represented China for the first time at a week-long international conference of military medicine and pharmacy that ended here today.

The committee's executive bureau decided last December and January to give China the legislative seat that had been held by Taiwan.

The conference discussed external skull injuries, AIDS in the army, drinking water hygiene and other military medical problems.

About 1,500 representatives from 90 countries attended this year's conference. The committee's next biennial conference is scheduled for 1992 in Gabon.

Protectionism Blamed For Drop in Toy Exports

*HK2704022490 Beijing CHINA DAILY in English
27 Apr 90 p 2*

[By staff reporters Ren Kan and Li Zhuoyan]

[Text] Guangzhou—Trade protectionism in some Western countries is affecting China's exports of toys, according to Chinese exporters attending the on-going Guangzhou Export Commodities Fair.

Companies in the fair's arts and crafts delegation reported that fewer export deals for toys are being closed than during previous fairs, according to an official with the delegation.

Members of the light industrial goods delegation said toy transactions so far are at the level of last year's autumn

fair, even though the delegation introduced at least 1,000 new products to overseas business people.

Fulfilling old contracts, the industry exported 35.7 percent more toys during the first quarter of this year than the same period last year. Thus, the situation in the Guangzhou Fair involving new orders is unexpected for Chinese toy dealers, said Zhou Yuanjing, an official with the light industrial goods trading delegation.

Zhou said problems had occurred in China's traditional major markets, including Western European countries and the United States.

In the United States, some congressmen have been pushing to end the country's most favoured nation status treatment to China, despite support for the policy from business circles in both countries.

Zhou said that some Western European countries are taking protectionist measures to prevent more Chinese toys entering their markets.

West Germany and France have started to apply quotas to Chinese toys this year.

Under the quotas set by those two countries, China can only sell toys valued at 700 million West German marks and 24 million French francs worth.

In addition, European countries are requiring new safety standards for toys starting this year, Zhou said.

Since China and Western countries have not reached an agreement about the inspection of toys according to the new standards, the country has to send toys to Hong Kong for inspections by SGS [expansion unknown], a Swiss commodity inspection agency.

United States & Canada

Jiang Zemin Meets U.S. Journalist

*OW0205104290 Beijing XINHUA in English
1018 GMT 2 May 90*

[Text] Beijing, May 2 (XINHUA)—Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, met here this afternoon with Barbara Walters, anchorwoman of the ABC, one of the TV networks of the United States.

Lilley Attends Sino-U.S. Flour Mill Gathering

*OW0205093990 Beijing Television Service in Mandarin
1300 GMT 20 Apr 90*

[From the "Night News" program]

[Text] [Video opens with medium shots showing U.S. Ambassador to China James Lilley and some Chinese staffers visiting the internal facilities of the Beijing Sino-U.S. Model Flour Mill] The Beijing Sino-U.S. Model Flour Mill has rapidly developed since it was established five years ago. Its output value is close to 140

million yuan. The mill is a joint venture founded by the United States and China in 1985. It is China's first modern flour mill with advanced technology and facilities imported from abroad. Its main engine was rendered gratis by the U.S. Wheat Association, and it can process 150 metric tons of wheat daily. The mill is also China's training center. As of now, it has trained 367 flour mill directors and technicians for China's 29 provinces, municipalities, and autonomous regions. On 19 April, Vice Minister of Commerce (He Liuhai), U.S. Ambassador to China James Lilley, and friends from the U.S. Wheat Association attended celebrations marking the fifth anniversary of the founding of the mill.

CITIC Chief Warns on Sino-U.S. Trade

HK0205121390 Beijing CEI Database in English
0852 GMT 2 May 90

[Text] Beijing (CEI)—A top Chinese business leader has warned the United States that it will lose its markets in Hong Kong and the mainland if it suspends China's "most favoured nation" status.

Wei Mingyi, president of the China International Trust and Investment Corporation (CITIC) said, "if the U.S. Government takes such a serious step, Sino-U.S. relations will be put back 20 years."

Statistics compiled in the U.S. showed that China's exports to the U.S. were three times higher than its imports. But the figures from China indicated that its exports to the U.S. were much lower than its imports from there.

This is because most of the goods exported from China to the U.S. were actually "re-exported" via Hong Kong or directly from the region, Wei said.

He said, "if the United States suspends China's most favoured nation status, not only will the U.S. lose its market on the mainland but also in Hong Kong."

Without this status, he said, his company would have to pay much higher tariffs than at present to get its products into the U.S. market.

CITIC's trade volume with the United States accounted for a large share of its total foreign trade.

Wei said, "I don't think the United States will make such a move, because it would not be in their own interest."

He added that CITIC saw the U.S. as an important part of its overseas market because it had earned profits from a joint venture with the U.S. over the past few years.

Soviet Union

Xinjiang Leaders Meet Uzbekistan Delegation

OW0205101490 Urumqi Xinjiang Television Network
in Mandarin 1300 GMT 1 May 90

[From the "Xinjiang News" program]

[Text] [Video opens with shots of Huang Baozhang greeting and meeting guests] Huang Baozhang, vice chairman of the Xinjiang Uygur Autonomous Regional People's Government, last night met with and feted all members of the Soviet Union's Uzbek SSR [Soviet Socialist Republic] government delegation, which was led by Ismailov Uktam Kuchkarovich, deputy chairman of the Uzbek SSR Council of Ministers. Huang Baozhang expressed a warm welcome to the delegation's visit, and expressed the hope that the two sides would further strengthen cooperation in educational, cultural, and science, and technological fields. Hederbai, vice chairman of the Xinjiang Regional Government, and Yusufu Aisha, mayor of Urumqi City, also attended the meeting.

After the meeting, Huang Baozhang and Ismailov Uktam Kuchkarovich, on behalf of their respective sides, signed the summary of the meeting between the Uzbek SSR government delegation and the Xinjiang Uygur Autonomous Region. [video shows Huang Baozhang and Ismailov Uktam Kuchkarovich signing papers, and shaking hands after signing]

The Uzbek SSR government delegation arrived in Xinjiang on 24 April. During its visit, the delegation visited some scientific research units and enterprises in Xinjiang.

Northeast Asia

Japanese Diet Members Entertained in Beijing

OW0105150390 Beijing XINHUA in English
1210 GMT 1 May 90

[Text] Beijing, May 1 (XINHUA)—President of the China-Japan Friendship Association Sun Pinghua, on behalf of Wang Zhen, hosted a banquet here this evening for Michio Watanabe, Japanese Diet member and former chairman of Political Affairs Investigation Committee of the Liberal Democratic Party of Japan.

Watababe and other Japanese Diet members came here as guests of the China-Japan Friendship Association. Following their arrival in China on April 29, they had a tour of Shanghai, China's largest industrial city.

Southeast Asia & Pacific

SRV Official Arrives; To View Cambodia, Ties

OW0105163590 Tokyo KYODO in English
1544 GMT 1 May 90

[Text] Beijing, May 1 KYODO—Dinh Nho Liem, Vietnam's first vice foreign minister, arrived in Beijing Tuesday for a weeklong visit to discuss the Cambodian conflict and ways to normalize bilateral relations.

"I would like to exchange views with Chinese officials on the normalization of bilateral ties and the Cambodian conflict (which is hampering relations between the two)," Liem said on arriving at Beijing airport.

Liem's Beijing trip followed his visit to Japan to discuss bilateral and international issues with Japanese Government officials.

During the visit, Liem is expected to meet with Chinese Foreign Minister Qian Qichen.

China and Vietnam, at odds since their war in 1979, held their first vice foreign ministerial-level talks in January 1989 and a second round in May the same year. But they remain apart on how to deal with the Pol Pot faction of the Cambodian resistance forces.

Governor Meets With Cambodian President

SK0205053690 Shenyang Liaoning Provincial Service
in Mandarin 0930 GMT 26 Apr 90

[Text] On the morning of 26 April, Provincial Governor Li Changchun and his wife travelled to the Youyi Guesthouse in Shenyang to call on Norodom Sihanouk, president of Cambodia, and his wife. Provincial Governor Li Changchun and his wife had breakfast with President Sihanouk and his wife, and had an extremely cordial and friendly conversation with them.

President Sihanouk and his wife had visited Liaoning Province in 1972. President Sihanouk thanked Liaoning Province and the people throughout China very much for their assistance and support to the national liberation struggle of the army and the people of Cambodia; warmly congratulated Liaoning Province and Shenyang City's people on their great achievements in the socialist modernization drive through carrying out reform and opening-up and on the tremendous changes taken place in urban construction; and wished Liaoning's people still greater achievements in socialist construction.

Governor Li Changchun extended a warm welcome to President Sihanouk and his wife for their short stay in the province. He wished Cambodians an early victory in the national liberation struggle and extended a welcome for President Sihanouk and his wife to visit the province once again in the future.

After having breakfast, Governor Li Changchun and his wife went to the airport to see President Sihanouk and his wife off. President Sihanouk and his wife arrived in

Shenyang on the evening of 26 April after their airplane temporarily landed at the Taoxian Airport due to a change in Beijing's weather. Zhang Mingqi, deputy secretary general of the provincial government and Li Xishun, director of the provincial foreign affairs office, met them at the airport.

Near East & South Asia

Wan Li Departs for Pakistan, Iran, Iraq

OW0205025290 Beijing XINHUA in English
0116 GMT 2 May 90

[Text] Beijing, May 2 (XINHUA)—Wan Li, chairman of China's National People's Congress (NPC) Standing Committee, left here this morning by special plane for an official good-will visit to Pakistan at the invitation of Mehrai Khalid, speaker of the National Assembly of Pakistan.

Wan Li will later pay an official good-will visit to Iran and Iraq at the invitation of Mahdi Karubi, speaker of the Islamic Consultative Assembly of Iran, and Sa'di Mehdi Saleh, speaker of the National Assembly of Iraq.

Seeing Wan off at the airport were Chinese Vice-Premier Yao Yilin, vice-chairmen of the NPC Standing Committee Xi Zhongxun and Peng Chong as well as diplomatic envoys of Pakistan, Iran and Iraq in Beijing.

Cao Zhi, member of the NPC Standing Committee and deputy secretary-general of the committee, and Vice-Foreign Minister Qi Huaiyuan were among those accompanying the chairman on the visit to the three countries.

To Meet President, Prime Minister

OW0205103490 Beijing XINHUA in English
0957 GMT 2 May 90

[Text] Lahore, May 2 (XINHUA)—Wan Li, chairman of China's National People's Congress (NPC) Standing Committee, arrived in Lahore, capital of the Punjab Province and hometown of the national assembly speaker, this morning to start his five-day official good-will visit to Pakistan.

Pakistan is Wan Li's first leg in his current three-nation tour which will also take him to Iran and Iraq.

Wan Li was given a red-carpet welcome at the Lahore Airport by National Assembly Speaker Malik Meraj Khalid who visited China last September, Punjab Provincial Assembly Speaker Manzoor Ahmad Wattoo and Lahore Mayor Mian Muhammad Azhar.

The airport and the main route leading to the Lahore Guest House were decked with coloured banners, bunting and streamers in praise of the long-standing and tested friendship between Pakistan and China. The national flags of the two countries were fluttering in the breeze in the airport.

Slogans of "Long Live the Pak-China Friendship" were resounding in the airport by welcoming masses in national costume inside and outside the airport.

During his stay in Lahore, the second biggest city and hub of culture in Pakistan, Wan Li will lay wreath at the mausoleum of Allama Muhammad Iqbal, Pakistan's famous poet and philosopher, and visit some famous historical places such as Lahore Fort (former residence of royal families), Emperor's Shalimar Garden, the Badshahi Mosque, etc.

He will also call on President Ghulam Ishaq Khan and Prime Minister Benazir Bhutto when he visits the capital city of Islamabad from May 3 and exchange views with them on bilateral, regional and international issues of mutual concern.

Egypt's Mubarak Plans PRC, USSR Visits

OW0205000690 Beijing XINHUA in English
1745 GMT 1 May 90

[Text] Cairo, May 1 (XINHUA)—Egyptian President Husni Mubarak said here today he will soon visit China prior to his scheduled trip to Moscow later this month.

Speaking at Cairo's Railway Club on the occasion of the International Labor Day, Mubarak said he will visit Syria Wednesday and "within a week" after the trip he will visit China and then the Soviet Union.

Mubarak's televised speech covers Egypt's domestic and foreign policies.

In the field of foreign policy President Mubarak said Egypt calls for achieving peace based on justice.

Regarding the unjust campaign launched against Iraq, Mubarak said Egypt will not let down any Arab or African peoples who are struggling for maintaining peace and justice.

He said Egypt has adopted definite steps for eradicating the destructive weapons and will adopt further steps so as to preserve the lives of the coming generations and liberate them from fear and concern.

He urged Israel to decide its stand toward the Palestinian people on the basis of respect for the Palestinians' legitimate rights.

He also called for an end to the fighting in Lebanon.

Regarding the situation in Africa, President Mubarak lauded the great stance of the southern African frontline states and praised President Sam Nujoma of the independent Namibia.

He said the indebtedness problem is a grave issue facing the Third World states and should be solved as it threatens the world economy.

On domestic affairs, Mubarak said there would never be any tolerance with terrorism. "Democracy would not be

a breeding ground for those who suppress opinions and rebel against the supremacy of law," he said. "The security of Egypt is overall priority," he added.

"It is wrong to imagine that you can impose anything which is refused by society or pull down what was built over years," he said.

The president strongly cautioned against the population growth, describing it as terrible. The rapid growth rate has affected Egypt's exports, he said.

Egypt has a population of about 55 million with an annual growth rate at about 30 per thousand, or a net increase rate at 1 million in every nine months, one of the highest population growth rates in the world. He wondered how could the state provide 400,000 work opportunities every year while every work opportunity costs 20,000 Egyptian pounds.

He also urged those supporting the public or private sectors to consider the national interests of Egypt. The two sectors should be promoted so as to execute further ventures, he said.

Wu Xueqian Meets Moroccan Delegation

OW0205073990 Beijing XINHUA in English
0632 GMT 2 May 90

[Text] Beijing, May 2 (XINHUA)—Chinese Vice-Premier Wu Xueqian had a cordial conversation with Mouly Ahmed Cherkaoui, Moroccan secretary of state for foreign affairs and cooperation, and his party here today.

Wu said that China attaches importance to the traditional friendship and cooperation with Morocco. He expressed the hope that the two countries will join efforts in furthering their friendly relations of cooperation in the political, economic and other aspects.

He added that China appreciates Morocco's positive role in seeking a solution to the Middle East question. He said China is willing to make joint efforts with Morocco and other Arab countries for a just and reasonable solution to the Middle East question at an early date.

Cherkaoui and his party are scheduled to leave later today for a visit to Xian, Guilin, Guangzhou and Shenzhen before leaving for home on May 8.

Sub-Saharan Africa

Liao Hansheng Meets Ghana Delegation

OW0205065790 Beijing XINHUA in English
0628 GMT 2 May 90

[Text] Beijing, May 2 (XINHUA)—Liao Hansheng, vice-chairman of the Standing Committee of China's National People's Congress (NPC), met here today with a delegation from Ghana's Committee for the Defence of

Revolution, headed by Yaw Akrasi-Sarpong, special assistant to the Provisional National Defence Council of Ghana.

They had a cordial and friendly conversation.

The visitors arrived in China on April 23 at the invitation of the Association for International Understanding of China.

West Europe

Wu Xueqian Meets Italy's Bruno Bottai

OW0205082890 Beijing XINHUA in English
0740 GMT 2 May 90

[Text] Beijing, May 2 (XINHUA)—Chinese Vice-Premier Wu Xueqian met Director General of the Italian Foreign Ministry Bruno Bottai here today.

Wu said that Bottai's visit to China is helpful in strengthening mutual understanding between China and Italy.

After the meeting, Bottai said that he is satisfied with the results of his visit to China.

He said Italy realizes, in this moment of great international movement, China's position and role in the world as a big country and a permanent member of the United Nations Security Council.

He said Italy believes it is important to strengthen cooperation with China.

He said Italy will chair the European Community from July 1 this year. He expressed hope that Italy and the European Community will restore and develop relations with China.

Works Donated to Cyprus Friendship Association

OW0105150690 Beijing XINHUA in English
1158 GMT 1 May 90

[Text] Nicosia, May 1 (XINHUA)—A consignment of Chinese art works was donated by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC) to the Cyprus-China Friendship Association here Monday evening.

Acting President and President of the House Representatives [as received] of Cyprus Vassos Lyssarides and Han Xu, chairman of CPAFFC, were present at a ceremony held in "Europa" hotel in the center of Nicosia. Chinese Ambassador to Cyprus Lin Aili, president of the Cyprus-China Friendship Association Dinos Florides and more than a hundred Cypriot guests also attended the ceremony.

In his speech, Lyssarides paid tribute to the Chinese arts and crafts, saying the Chinese civilization has made great contributions to the world and deeply influences the civilization of other countries. The acting president said he hoped Cyprus and China will further enhance their existing good relations in all fields.

Han Xu, who headed the CPAFFC delegation on a current visit to Cyprus, expressed thanks to the hospitality of the Cypriot people towards Chinese guests, saying the art works will make the Cypriot people further understand the Chinese culture and help further promote friendly relations between the two countries and two peoples.

The Chinese delegation arrived here Sunday and will leave for Cairo, Egypt Thursday morning before paying visits to Tunisia and other countries.

Political & Social

Zhao Ziyang Said Under Protection of Deng

HK0105153190 Hong Kong KAI FANG in Chinese
No 4, 15 Apr 90, pp 7-11

["Special Column" by Lo Ping (5012 0393): "Deng Xiaoping Sets Deadline for Winding up the Case of Zhao Ziyang without Further Disgrace to Zhao"]

[Text] These were days of instability!

These were days of unsafety!

On 30 March, an unusually serious explosion occurred at the railway station of Guangzhou, killing five people and injuring another 50.

On the same day, another explosion also occurred in the railway station of Xuzhou, Jiangsu Province.

One day earlier, an explosion occurred in a train from Guiyang to Chengdu, killing two people and injuring 20 people. Before that, an explosion also occurred in Shenzhen....

The Ministry of Public Security and the Ministry of Railways were badly plagued by the successive explosion cases, and they have issued special and urgent circulars. However, they also tried hard to cover up the facts and prohibited the mass media from reporting them. Apart from those who witnessed the explosions, few people knew what had happened and even those who live near the explosion spots now still know nothing about these serious cases. They may even believe that the world around them is still peaceful and stable!

It is a pity that such peaceful and stable scenes are merely superficial and fragile!

For this reason, when the National People's Congress [NPC] and the Chinese People's Political Consultation Conference [CPPCC] were in session, the atmosphere in Beijing was highly tense. In particular, the authorities were extremely nervous as if faced with a formidable enemy when it was rumored that students and residents of Beijing would take certain action in April. Armed policemen and secret agents were dispatched to stand guard at every corner of the city. In order to prevent the inflow of any overseas printed matter through the facsimile transceivers like in a case last year, where large quantities of counterfeit RENMIN RIBAO poured into Beijing through the fax equipment. Now, all the 24-hour facsimile transmission services in Beijing were suspended. If anything was to be faxed into Beijing, a telephone call had to be made first to explain the contents of the things to be faxed. Only when no problem was found would the fax machine be connected to the line, and the whole process of facsimile transmission was put under strict security check.

People may easily perceive that the CPC authorities are deadly afraid of any trouble and are trying to hold on day after day.

However, the more nervous they were, the more easily the troubles emerged. One occurred at the central television station.

Although there was nothing special or interesting in the NPC session, some deputies still made rather interesting speeches.

One deputy said: Our cadres should learn from Jiao Yulu and the premier. Of course, I do not mean to say Premier Li Peng....

This was televised live in an afternoon program in Beijing. People who watched the program said that the deputy was right in saying this. However, in the evening program, the scene was removed, and people could not listen to that interesting speech. It was said that the deputy was later recalled and was not allowed to attend the NPC session any more.

At the opening ceremony of the NPC session, the masses of deputies all wore a stupefied expression when Jiang Zemin, Li Peng, and other leaders walked onto the presidium rostrum, and the applause was lukewarm and did not last long. The deputies looked at each other and stopped applauding when seeing others stop. They showed such an attitude because they knew that the central leaders on the rostrum were merely puppets.

In recent years, the CPC politics were practiced in a double-track manner.

On the one hand, there was an open and on-the-stage party central board, whose members meticulously followed the established principles of the party and handled the routine affairs of the party and the state.

On the other, there was a group of seniors behind the scenes. They meddled in the work of the party central board at any time they wished according to their personal interests and feelings.

The two tracks interacted with each other and were interwoven, thus giving rise to an extremely complicated picture of the CPC politics and making the CPC political practice full of haphazardness and fortuity. It was completely due to such a political "double-track system" inside the CPC that the recent NPC session was held in such a "clumsy" manner and the deputies were so "indifferent" and the meeting was so fruitless.

Several months before the NPC session, Deng Xiaoping and Yang Shangkun, who were called the "old men faction," Jiang Zemin and Li Ruihuan, who were called the moderate faction, and Li Peng and Song Ping (director of the CPC central organization department), who were called the "butcher faction," all made inspection tours to various localities. This made people think that they might take certain major actions. Internally, they did intend to make some major personnel changes at the

NPC session in March. However, all relevant ideas and plans were changed suddenly.

One NPC deputy told me:

"This was an extremely disappointing meeting. We were not allowed to speak freely, and were simply bothered for more than 10 days. The meeting only accomplished three things: Dismissed Hu Jiwei, gave an official title to Jiang Zemin, and passed the Basic Law for Hong Kong."

The NPC and CPPCC sessions were so "clumsy," because the Sixth Plenary Session of the 13th CPC Central Committee being held 10 days earlier was also a "clumsy" meeting.

"All precedents can be found in the past decades of the CPC history," said a person attending the NPC session as an observer, "every year before the annual sessions of the NPC and the CPPCC were held, the CPC would certainly hold a central committee plenum to conclude compromises among various factions in the party. This was called 'unifying understanding.' Through the central plenum, the party finally decided the personnel changes."

He said: This year, because the 4 June storm shocked the party too seriously and the work of dealing with the aftermath of the incident in many aspects was not fulfilled, consensus of opinion could not be achieved on many issues inside the party, and some personnel changes planned in the earlier period could not be made. Moreover, Deng Xiaoping's influence in the party was getting weaker and weaker, and he also failed to balance one faction with another. Therefore, the plan to discuss personnel changes at the sixth central plenum was cancelled at the last moment (the plan to make Zhao Ziyang appear on a public occasion was frozen, and only Hu Qili was later allowed to show up as a trial balloon). The four-day plenum of the central committee (from 9 to 12 March) only discussed the current political issue, that is, the party was faced with threats against the very existence of the party and the socialist system. Finally, the plenum adopted an unexpected resolution on "strengthening relations between the party and the people."

What then were the unstable factors inside the party, and how did these factors prevent the party from achieving "unified understanding" and making personnel changes?

A well-informed friend who learned a lot about the top leadership told me:

"There were mainly three problems. First, inside the party, there were serious differences on the question of how to handle Zhao Ziyang's case. Second, people in power were not willing to compromise with each other on the handling of the NPC deputy status of Hu Jiwei, Hu Qili, and Zhao Ziyang. Third, the public security department and the national security department showed signs of discord with the party, and some people inside the party did not trust the dictatorship apparatus any more."

Before the sixth central plenum, the most sensitive personnel issue was the NPC deputy status of Zhao Ziyang and Hu Qili, as well as Yan Mingfu's deputy chairmanship in the CPPCC and Hu Jiwei's membership in the NPC Standing Committee.

On these personnel issues, the "butcher faction" and the moderate faction both proceeded from their own interests and from the consideration of their future, and they both showed a clear-cut attitude toward the handling of these sensitive figures.

Hu Jiwei was a deputy elected by the Sichuan constituency, and Sichuan was a province which most strongly opposed Zhao Ziyang after the 4 June incident. Yang Rudai, the provincial party committee secretary who was regarded highly by Zhao Ziyang in the past, decided to seek patronage from Li Peng by betraying Zhao after the 4 June incident. He said at a provincial cadre meeting: "Zhao Ziyang committed many mistakes when he worked in Sichuan, and we should criticize him in connection with these mistakes."

Li Peng and his company thus made use of Yang Rudai's firm position in attacking Zhao to unreasonably deprive Hu Jiwei of his NPC deputy status through the Sichuan Provincial People's Congress under Yang's control when the sixth plenum of the central committee was in session. Hu Jiwei was dismissed on the grounds of Article 76 of the PRC Constitution, and this article precisely specifies his right to call for the holding of an NPC standing committee meeting. As Hu Jiwei was recalled by his constituency, he naturally lost his membership in the NPC Standing Committee. No wonder NPC Chairman Wan Li was always in low spirits during the whole session.

As for Hu Qili who was driven out of office together with Zhao Ziyang, his fate was quite different as he was elected by Tianjin as a deputy to the NPC. After Hu Qili left the central leadership of the Communist Youth League, he was appointed as mayor and municipal party committee secretary in Tianjin for several years. Therefore, his NPC deputy status was derived from Tianjin. After Hu Qili was promoted to the central leading post, his mayor's office in Tianjin was taken over by Li Ruihuan, who is now a member of the central political bureau standing committee. Hu and Li had maintained good personal relations all along. Now, Tianjin remains under the influence of Li Ruihuan. Li certainly showed mercy to Hu Qili. When Li was asked about Hu's NPC deputy status, he said without any hesitation that "in my view, he can continue to be a people's deputy."

As far as Zhao Ziyang was concerned, his deputy status was decided by the central institutions. Deng Xiaoping who was pulling strings behind the scenes and General Secretary Jiang Zemin, both indicated that Zhao should be persuaded to show up at the NPC session in order to relax the situation. Therefore, no one could change Zhao's deputy status.

In fact, no consensus of opinion could be reached inside the party mainly because the case of former general secretary Zhao Ziyang had not been settled yet. According to the well-informed friend, no final conclusion on Zhao's case could be made even at the sixth central plenum. In late June last year, Zhao was dismissed from all posts in the party at the fourth plenum of the central committee, and the plenum also announced that his case would be further investigated. Chen Xitong and Yuan Mu even openly talked about the possibility of bringing Zhao to the lawcourt for trial. It was later widely rumored that a conclusion on Zhao's case would be made at the fifth central plenum. However, the fifth plenum was postponed from October to November, and no conclusion was made on Zhao's case. Then, at the recent sixth plenum, Zhao's case remained unsettled.

"A large number of people inside the party tried to protect Zhao, and Li Peng and his company found it impossible to continue their attacks on him." My friend added, "Take Sichuan as an example. There was a strong anti-Zhao force in that province. However, Xiao Yang, secretary of the Chongqing city party committee, once openly retorted provincial party secretary Yang Rudai by saying that 'Zhao Ziyang cannot be criticized, otherwise reform would be negated.'"

I remember that a senior cadre told me late last year: "Overseas people think that the reformist faction was completely wiped out after the 4 June incident. This is not true. During the student unrest, provincial and municipal leaders all tried hard to dissuade their subordinate party members and cadres at all levels from taking to the streets and participating in demonstrations and from openly supporting the pro-democracy movement. This resulted in conserving a large number of local cadres. Their status was kept intact in the 'large-scale screening and investigations' carried out by Li Peng and his company, and these reform-minded cadres were incorporated into the faction headed by Jiang Zemin and Li Ruihuan. It was only in Beijing that the reformist force was almost completely destroyed."

This is the reality at present. In localities, no people have interest in "criticizing Zhao Ziyang." Even in the central institutions, it is also hard to criticize Zhao.

In the past nine months, the "butcher faction" was bogged down in a dilemma on the issue of criticizing Zhao Ziyang. In the period around the Spring Festival, Li Peng, Song Ping, and other people worked out a "program for criticizing Zhao Ziyang" in an attempt to deal the final blow at Zhao. However, after reading the program, Deng Xiaoping only uttered one remark: "Could this be the way to criticize Zhao?"

According to some people who could approach Deng, before the fifth central plenum, Deng Xiaoping summoned Zhao twice. Zhao talked to Deng about his opinion on the "4 June incident" and defended himself against the charges of "supporting the turmoil" and "splitting up the party." Before the Spring Festival, Deng

again summoned Zhao for a talk, where he asked Zhao to express his opinion on the current situation. At the end of their talk, Zhao said that he wished to go to Xishan to enjoy the snow scenes during the Spring Festival. Deng said: The conclusion has not been made on your case, so you had better not to go there for the sake of safety. In the Spring Festival, Deng had some fruits sent to Zhao's house as gifts.

According to some gossip inside the party, Deng intended to wind up Zhao Ziyang's case and have the conclusion drawn at the sixth central plenum. Zhao's contributions to the 10-year reform would be affirmed, but the blame would also be fixed on him for last year's pro-democracy movement. Then, Zhao would be allowed to show up at the NPC session. However, Deng's plan was later disrupted by the development of the domestic and international situation.

At last, Zhao "took leave" and did not show up at the NPC session. Some people said that this was because the central leadership "regarded the conditions for his appearance on public occasions as premature;" but others said that this was because Zhao himself did not want to show up on the grounds that the conclusion on his case had not been made and this made it inconvenient for him. In fact, both sides said the same thing.

Zhao Ziyang "took leave" and did not attend the Third Session of the Seventh NPC, but he did enter the Great Hall of the People a few days before the NPC session opened.

That day, a Nissan car suddenly parked in front of the Great Hall of the People, and a white-haired old man wearing glasses got out.

He was no other than Zhao Ziyang. His complexion and spirits were good.

"May I come in?" He politely asked the guards.

"We were not told to keep you from entering this building." A guard answered shrewdly and made a salute. Both sides smiled.

Zhao then added: "I have some family guests and want to buy two roast ducks here." He then walked into the Great Hall of the People. After a while, carrying two roast ducks he came out, smiling to show a good-bye to the guards he got in the car.

That Zhao Ziyang went to buy ducks in the Great Hall of the People made people think of another story about Ye Jianying who stood in a line at the market to buy vegetables when being dismissed from the office of defense minister by Mao Zedong during the Cultural Revolution. Such unimaginable things did happen in China.

During the NPC and CPPCC sessions, things were quite different. No NPC deputies and CPPCC members would be allowed to see Zhao Ziyang. Security measures at both

ends of the alley where Zhao's house was located were obviously intensified. It was very hard for outsiders to approach this place.

It is said that Zhao still does not admit his mistake in handling last year's student unrest. He told the special investigation panel: "I did not attend the meeting on 19 May where the imposition of martial law was announced, actually, because I was ill. I still keep the doctor's sickness certificate. I cannot admit the mistake I did not commit. First, I have never opposed Comrade Deng Xiaoping. Second, I have never split the party...."

Because Deng changed his attitude toward Zhao, some among the seniors felt rather embarrassed. A friend who recently met with Yang Shangkun told me that Yang had also changed his attitude toward Zhao Ziyang. Once, when talking about the case of Zhao's son-in-law, Yang said: It is not good to have one's family members implicated in the one's cases. The case of the father should not be linked to the case of the child. On other occasions, Yang Shangkun said: That Zhao Ziyang's children went abroad was understandable under the then circumstances. It is all right as long as they do not shout the slogan of down with the Communist Party and do not bring shame to their father.

In Beijing, I was also told that Qiao Shi, who was called by the people in Beijing a "ringleader of the secret service," also began to vacillate and showed a more and more ambiguous attitude toward criticizing Zhao Ziyang. He was exposed to double pressure from two sides, namely, Deng Xiaoping's pressure protecting Zhao; and the pressure of Li Peng and his company who blamed him for "making no sufficient effort" to deal with pro-democracy activists. It seems that it will be harder and harder for him to play his special part.

After Deng's attitude of shielding Zhao was made known to more and more people among senior officials, they also began to follow suit. Li Ximing and Chen Xitong were called by the people in Beijing "two Xi." They bore major responsibility for the "4 June incident." Li Ximing exaggerated the seriousness of the events when submitting a report to the central leadership before the "4 June incident," and was thus criticized by Deng Xiaoping because this made Deng incorrectly assess the situation.

Li Ximing intended to cut a figure in the course of "quelling the counterrevolutionary rebellion" and to get promotion after the "4 June incident." However, "two Xi" did not get promotion; instead, they earned the bitter hatred of the people. Now, Li Ximing has changed his attitude toward Zhao Ziyang. He did not totally negate Zhao Ziyang's work and affirmed Zhao's contributions to reform and opening up.

Other people who previously spoke ill of Zhao also began to change their tune. At present, the consensus of opinion is gradually taking shape among leaders at the top level, and they agree that the way of treating Zhao Ziyang in the previous period was too hard. Zhao Ziyang

committed some mistakes or errors in the handling of the student unrest, but his mistakes did not represent a wrong line. As Deng Xiaoping is the general architect who designed the overall program of reform and opening up and laid down the general line, Zhao Ziyang was merely responsible for implementing it. It is now even less possible to bring Zhao Ziyang to court for trial.

Deng Xiaoping also perceived that Zhao Ziyang was popular among the people, so Zhao could be used for keeping the balance between various factions inside the party. If Jiang Zemin is in trouble in the future, Zhao still can be used as a trouble-shooter.

According to authoritative information from Beijing, the CPC leaders at the top level have basically reached a consensus of opinion, and they now hold that Zhao's case should not be shelved any longer and should be settled as soon as possible. The central leadership planned to draw a conclusion on Zhao's case before the first anniversary of the "4 June incident" without further delay.

A friend who had close relations with Zhao's family told me that Zhao Dajun and Zhao Erjun who fled the mainland after the "4 June incident", came to Hong Kong more than once and also stayed in Bangkok for some time. They may now still hide out somewhere in Hong Kong. Before the case of the former premier and former party general secretary is settled, his children have been implicated in his case. Recently, the Ministry of Supervision announced that it was investigating the corruption case of Zhao's sons. Some people may ask: How about the problems of Deng Pufang? Why not mention his case?

It was learned that in Hainan, Zhao Erjun built good cooperation relations with Japan's Kumagai Gumi, which planned to make investment in the program of developing Yangpu into a free port. He also planned to build a processing industrial estate for Taiwan manufacturers in Shenzhen. He told other people: "If I can succeed in building Yangpu within my life, I will not let down the ordinary people in my country."

After Zhao Erjun fled the country, his house in Beijing remained intact, and his young housekeeper still worked there as usual.

Chen Yun Reported To Be Fatally Ill

HK0105135890 Hong Kong CHENG MING in Chinese
No 151, 1 May 90 p 18

[Report in the "Reference News Column" by I Hsin (4135 2450): "Chen Yun's Illness Is Worsening"]

[Text] The Political Bureau of the CPC Central Committee and its Secretariat conveyed early in April, in top-secret classified cables, the state of Chen Yun's illness to the chief responsible persons of local parties, governments, and armies.

It is reported that Chen Yun is seriously ill. Funeral preparations have been carried out and a memorial speech is being drafted.

The 16 April RENMIN RIBAO carried a speech made by Chen Yun in 1987: "On Shouldering Heavy Duty and the Study of Philosophy." First of all, Chen Yun stressed in the speech that the current number one leader is Deng Xiaoping. Secondly he stressed the necessity of studying the philosophy of Marxism-Leninism and Mao Zedong thought, if one is to adapt to the current political situation in China. Another point is that the publication of the speech was taken as a consolation to the dying Chen Yun and other conservative personages.

Zhongnanhai Security Increased Against Attacks

HK0205120090 Hong Kong CHENG MING in Chinese No 151, 1 May pp 16-17

[Report by Special correspondent He Shao-min (6320 1421 2494): "Zhongnanhai this Spring is in a State of Extreme Nervousness"]

[Text] [Editor's Note] The CPC Central Committee has made it a very important political responsibility to protect Deng Xiaoping, Li Peng, Yang Shangkun and Jiang Zemin against possible and unexpected attacks. Their body guards are also required to receive training against unexpected happenings [End Editor's Note].

Over 100 Abnormal Incidents Occur on "5 April"

Since the spring of 1990 began, the CPC top leaders have not enjoyed a single carefree day.

In the face of "5 April," "15 April (the anniversary of Hu Yaobang's death)," "26 April (on which the reactionary editorial was released)," they have spent their days in a panic. However, "4 May" and "4 June" are yet to come before the beginning of the Asian Games. How can those in Zhongnanhai know on which of these days an upheaval will come?

On "5 April," nothing occurred in Tiananmen Square because the CPC Central Committee ordered that "the Youth Pioneers be allowed to occupy the Square." However, according to incomplete statistics made comprehensively from various reports at an urgent meeting held at 3:00pm on 6 April in the conference room on the third floor of the Beijing Municipality Party Committee, on "5 April" alone, over 100 abnormal incidents occurred in downtown Beijing. Of these, the relatively serious incidents include the 3-minute simultaneous whistling of over 20 locomotives at 10:00am the same day in Fengtai Service Section. The whistle alarmed the party committee of the Service Section and workers stationed there. This party committee immediately reported the matter to its superior and recorded the whistling of the locomotives. No reason has been found for this strange incident yet.

Power Failure and Leaflets

That day, 23 power-failure accidents occurred in Beijing district. The most serious one was the total burning down of the transforming system in the plant of the Beijing Heavy Machine Building Factory. The police confirmed that it was serious sabotage and that the case was still under investigation. At 10:30am the same day, three young fellows who looked like students, secretly distributed leaflets in the Wangzhuang Department Store in Xijiao. When the police hurried to the store the three students had already disappeared. Moreover, a few students gathered secretly at Beijing University, Beijing University of Teachers, and the Nationality College. Someone at the Beijing Broadcasting College posted a dazibao [big-character poster] in the college's canteen, which conveyed many implicit meanings.

Those Who "Stroll" in Front of the Gate of Hu Yaobang's House

Before "15 April" the CPC Central Committee had ordered all localities not to carry out activities in memory of the anniversary of Hu Yaobang's death. Hu Yaobang's family also received a certain warning given by the CPC Central Committee. Moreover, large numbers of policemen and plainclothesmen were stationed around his house. Nevertheless, on 15 April many people "strolled" peacefully in front of the gate of Hu Yaobang's former house. Although the atmosphere was quiet, the plainclothesmen and policemen were alarmed. They could stop adults, but they could not stop children and babies—many people carried their child in their arms or took them by the hand, and hung around Hu Yaobang's house. Some children wore a white flower in their hair. Others were dressed in black.

The Guard Mails Threatening Letters to Li Peng

Following the blast at Guangzhou Railway Station, responsible persons at the station and Xizhimen Railway Station also received telephone calls and letters threatening to explosions on the railways. By 12 April, Li Peng had received over 30 threatening letters. All of them were immediately filed as individual cases for investigation. A certain Wei (said to be aged 28 and a CPC member), guard of the management office of the Beijing Dongzhimen Foodstuffs Supplies Department, was arrested for having sent four threatening letters to the CPC Central Committee. He admitted this and said he used the letters to express his discontent over the massacre on "4 June" of last year. He is the first "criminal" the public security department has caught who has sent threatening letters to Li Peng and Yang Shangkun.

To guard against unexpected and possible attacks, the CPC Central Committee has made it an important political responsibility to safeguard the safety of Jiang Zemin, Li Peng, Yang Shangkun, and Deng Xiaoping. Moreover, their body guards frequently receive training in stopping attacks.

Armed Troops Are Stationed at Railroads

Meanwhile, the General Office and the Security Office of the CPC Central Committee, and the Ministry of Railways have separately delivered urgent notices to all localities throughout the country calling on them to place strict control over the entry of people into Beijing. Except for attending the important meetings convoked by the CPC Central Committees, all trips to Beijing have to be canceled for cadres who are at and below the departmental or bureau level. No ordinary people nor cadres are allowed to enter Beijing unless they have sufficient reason. In the meantime, all important railway stations and sections are stationed with armed troops.

In fact, effective from 1 May all railway stations and sections, airports, and highways leading into Beijing will be placed under military control. For example, 12 check points have been set up on the highway from Baoding to Fengtai, which stretches nearly 150 km. Soldiers, armed police force, public security personnel, and public order personnel that are temporarily summoned, will make rigorous inspections into cars and trucks, especially those going into Beijing.

To Maintain the Security of Beijing at All Costs

The CPC Central Committee issued a notice saying that in order to maintain the security of Beijing it is necessary to fight a three-dimensional people's war using the joint-defense troops consisting of soldiers and people. It also demanded leading cadres at all levels "to be resolute in standing on the same side and to maintain the security of Beijing at all costs."

Because of this important notice, many people who need to get their visas from embassies in Beijing cannot make their journeys. My friend received a letter from Inner Mongolia complaining furiously about an incident of a person being stopped by public security officers from entering Beijing.

At Datong Railway Station, public security officers sometimes attacked ordinary people without reason. In view of this, the Ministry of Public Security issued a supplementary notice strictly forbidding public security personnel to attack the masses without cause, and calling on them to maintain social stability through what they really should do.

Foreign Experts Secretly Hired to Help With "Anti-Terrorism"

To reinforce the machinery of dictatorship, by the first half of April the military and the police had trained 40,000 guards, of which 30,000 are armed policemen and 10,000 are public security personnel. The 40,000 men are now receiving various sorts of "anti-terrorism training."

Not long ago, Jiang Zemin, Li Peng and others listened attentively to the work reports on the guarding and policing for the Asian Games given by the Public Security Department and the State Security Department.

Jiang Zemin demanded the Public Security Department to "do its very best." The police force (namely, those professional guards for the Asian Games) will assume their duties from the middle of May. They will be totally responsible for the security of the entire Asian Games Village during the Asian Games period.

To ensure security during the Asian Games period, China has spent a deal of foreign exchange purchasing advanced equipment from West Germany. It has also spent huge money hiring anti-terrorism experts from West Germany and the United States for secret instruction in Beijing. The Chinese police force has also requested the International Criminal Police Organization help the Chinese Government with security during the Asian Games.

TA KUNG PAO Views Situation in Tibet

*HK0205053390 Hong Kong TA KUNG PAO in Chinese
2 May 90 p 2*

[Editorial: "Lifting of Martial Law in Tibet Shows That the Overall Situation Is Stable"]

[Text] Martial law, imposed on Lhasa City in the Tibet Autonomous Region since 8 March last year, was lifted yesterday, marking the return of stability to Lhasa and Tibet. Just prior to this, the martial law which had been enforced in some districts of Beijing Municipality for six months, was lifted earlier this year. Having taken safeguarding stability as an overriding task and adopted some effective measures, the Chinese Government has now managed to maintain overall stability across the country, from coastal areas where the Han people make up the majority of the population to those remote areas where minority nationalities live and at central and local levels alike. The social environment tends to be more stable and relaxed and the situation has improved remarkably compared with last year.

Last year, before martial law was imposed on Lhasa City, a small number of separatists flaunting the banner of "Tibetan Independence," deliberately stirred up turmoil in the city. For several days they committed arson and robbery and raided shops, hotels, and even police boxes, causing tremendous losses of life and property. It is evident that this was not a racial or religious problem, nor a human rights issue, but a riot which gravely violated the law with the intention of splitting the motherland. In order to stop the situation from further deteriorating, the Chinese Government imposed martial law on Lhasa City in accordance with the provisions of the Constitution. Thanks to this decision the overall situation was brought under control very soon and order was gradually restored in all aspects of social life, including religious activities. The decision to impose martial law, which has effectively curbed separatists' conspiratorial activities, was supported by the broad masses of Chinese people who treasure national unity and nationality solidarity.

For a long time, the Tibetan separatists, small in number, have received aid from foreign political forces. While Lhasa City was under martial law, some anti-Chinese forces abroad made a big fuss about this by spreading distorted reports, aimed at misleading those who did not know the truth. For instance, the so-called "Report on Human Rights" recently issued by the U.S. State Department slandered China over Tibetan affairs. This report even reproached China for violating human rights because the Chinese Government "bans demonstrations advocating national separatism and undermining national unification" as well as "religious activities in favor of independence for Tibet." This is an example of the U.S. authorities' outrageous interference in China's internal affairs. Tibet is an inalienable part of China's territory and the U.S. Government does not object to this claim. However, it is quite surprising that this "Report on Human Rights" by the U.S. State Department runs counter to the U.S. Government's official stand on this issue. It is absolutely legal and legitimate for the Chinese Government to ban any attempt to undermine national unification by a small number of separatists, any religious activities advertising independence for Tibet, and to take any measures to safeguard nationality solidarity and social stability. If the logic of this "Report on Human Rights" by the U.S. Government was acceptable, one would ask whether the U.S. Government would be counted as up to the human right standards only if it tolerated campaigns for splitting the United States on its own territory. The report presented quite a few absurd views like this which confuse right and wrong, defame China, influence U.S. public opinion, and harm Sino-U.S. relations. It is the duty of the U.S. Government and State Department to mend this fault and clarify their position.

Due to historical and natural factors, the western part of China has lower productive forces than the east and communication services are underdeveloped there. As a result, these areas are relatively backward. It is a fact that the living standards in minority nationality areas like Tibet are lower than the country's average. Out of the wish for common prosperity of all the nationalities, the Chinese Government has adopted some preferential policies. Minority nationality areas have achieved very high economic growth these past years and many of them are among those enjoying the highest growth in the country. Many foreigners with objective minds acknowledge the tremendous political and economic progress made by the Tibetans and other minority nationalities in China. There have been earthshaking changes in these areas over the past 40 years. Even those who talk nonsense in reproaching China for "violation of human rights" cannot blot out this fact. Only by upholding the guideline of development and opening up will the minority nationality areas of China be able to make further progress. Like other parts of the country, Tibet is implementing a policy of opening up to the outside world. The region did not close its doors when martial law was in force during the past year and it will, of course, be more active in promoting exchanges with the

outside world now that martial law has been lifted. By the way, it was found that some individual foreign tourists, reporters, and diplomats violated China's laws and ordinances in engaging in activities that were not in keeping with their status. Such activities were not tolerated in the past and will not be tolerated in the future.

Martial law is now lifted in Lhasa, stability has been restored in Tibet, and the election of the 10th Bainqen Lama is in preparation. Stability in Tibet is of important and positive significance to both China and foreign countries neighboring Tibet. For the moment it is still necessary to keep an eye on conspiratorial activities plotted by a small number of separatists. Any more support for these separatists will be useless and harmful.

CPC 'Secret Document' on CPSU Plenum

HK0205094790 Hong Kong CHENG MING in Chinese No 151, 1 May 90 pp 8-10

[Report: "An Important Secret Document of the CPC on the February Plenary Session of the CPSU Central Committee"]

[Text] 1. Gorbachev delivered a report at the enlarged plenary session of the CPSU Central Committee between 5 and 7 February, at which session the draft program of action was adopted, and a bill was proposed to revise the constitutional clause regarding the CPSU's leading role. At the same time, a multiparty system was proposed, to be implemented with democratic centralism; in addition, implementation of the presidential system was proposed, with a federal system in various forms to be realized in the USSR. In his report, Gorbachev said that the Communist Party "should not be forcibly legitimated on the strength of the law," but "give up some of its legal and political superiority." He believed that "a fresh understanding of the principle of democratic centralism should be acquired," with the focus placed on "all-embracing democratization." He advocated "establishing the presidential system," and required "endowing all necessary powers to the president," and restructuring the Soviet state "to initiate the possibility for the existence of various federal forms," so on and so forth. Gorbachev stripped down those concepts to the so-called "humanitarian and democratic socialism," which runs entirely counter to the basic Marxist principle, and is actually a manifestation of Social Democracy characterized by the Second International under the new historical conditions. Its true nature lies in negating class struggles on a worldwide scope, altering the Communist Party's nature, and pushing forward Western parliamentary democratic politics.

2. This whole set of Gorbachev's program of action from "perestroika" to "humanitarian and democratic socialism" caused chaos at the plenary session, and met with strong opposition. Should Gorbachev's concepts be accepted, asked Ryzhkov, chairman of the USSR Council of Ministers, "would the CPSU remain in office? Would it remain the people's political vanguard?"

Would it continue to take the stand of communist ideal? Or would it move toward the direction of the Social Democrats?" In his speech, CPSU Central Committee Politburo member Ligachev pointed out: Gorbachev's draft program proposed at the session "is opening a way for the implementation of private ownership," which would lead to a "fatal threat" with the surfacing of "nationalist separatist, and anti-socialist factions." Ligachev expressed his "opposition to converting the party into an organization void of a definite pattern, namely, a political club." The chief of the Ground Forces of the Soviet General Staff pointed out, "the program in question has failed to explicitly express our political attitude toward the changes going on inside Eastern Europe, the Soviet Union, and the Warsaw Treaty Organization," and believed that the abolition of the Soviet constitutional clause regarding the Communist Party's role would "create many problems" for the "functions of political organs inside the armed forces." At the same time, he complained that there is presently "a tendency of elbowing the army out of society." The Soviet ambassador to Poland vehemently presented his view, saying that the current social crisis in the USSR "is due chiefly to arrogance, and mistakes committed by the party and state leaders," and sharply he pointed out, "some people have worsened the motherland's condition, and changed a power that won worldwide admiration into a nation void of happiness with an uncertain future just to please the West." He added that Gorbachev's program "propagates reform in a big way, criticizes the remote past, and makes generous promises about the future, but no comment on current mistakes, and what it most prizes are Western gentlemen's assessments." He believed that "this is at least politically unhealthy." Gorbachev's political program has also roused chaos and repercussions from the Soviet society. In his article, famous Soviet writer Alexander Porodorov stated, "shedding communist thinking has resulted in the USSR losing a common future and encouraging nationality movements; consequently a nation has fallen apart." PRAVDA's editor-in-chief believed, "the draft CPSU program is basically Gorbachev's one-man work," while extending the warning that "a split in the CPSU is impending." Party leaders and workers of some localities also made sharp criticism against Gorbachev's "program of action." Yeltsin, a leader of the parliamentary opposition, believed that the February plenary session "has failed to halt the crisis, and the USSR is likely to face the crisis of a civil war."

3. The so-called Soviet "reform" based on the pattern of Gorbachev's "perestroika" has resulted in an extremely chaotic situation in Soviet society in recent years. The party is splitting up, and the parliamentary opposition has openly fought against the CPSU; besides, the so-called "CPSU Democratic Program faction," "Democratic Election Organization," and Yeltsin are fermenting the founding of new political parties. The long existing nationality contradictions have further intensified. Turmoil has surfaced in Azerbaijan and in the Latvian and Estonian Soviet Socialist Republics one

after another, even with violence. The Soviet economy continues to worsen, with production falling and commodity shortages, and complaints are heard everywhere.

Gorbachev's "perestroika" and his support and intervention were also important external and internal causes leading to the drastic changes in East European countries. Facts have evidenced that Gorbachev's reform is nothing like completing and perfecting the socialist system, but an evolution toward capitalism. The February CPSU plenary session's "program of action" would only make the USSR drift further away from socialism at a faster pace. This will not help the USSR get rid of its current political, economic, social and national crises; on the contrary, it will only intensify various contradictions, and land the USSR and Eastern Europe in long-term turbulence and chaos.

4. Western capitalist countries have applauded Gorbachev's practice, and expressed their warm welcome of "peaceful evolution" going on in the USSR. However, they are not so optimistic about the USSR's prospects, and Gorbachev's fate, either. The French LE FIGARO said, "Gorbachev has forced the CPSU to make a suicidal decision," and "opened all channels to turmoil." U.S. Sovietologists have expressed anxieties for Gorbachev's future, believing that at the recent plenary session, he "has consolidated his personal powers, but is likely to face stormy weather in the future." Japan's NIHON KEIZAI SHIMBUN pointed out, "The draft CPSU program has many points in common with Kautsky's revisionism," and "Lenin's ghost is probably weeping for the CPSU changing its nature." Some West German papers believed that in the wake of the recent CPSU plenary session, "its inner-party struggle is likely to enter into a decisive phase." The Finnish political and public opinion circles sized up the situation, saying that "a split is about to surface in the Soviet party and state in the wake of the CPSU shedding its power monopoly." The British FINANCIAL NEWS also believed that "a split in the CPSU is likely to be on the horizon," and forecast that "there is great possibility for the split to surface in the wake of, but not before, the next national congress."

5. With the changes in the situation of Eastern Europe and the USSR, the Western bloc headed by the United States and other international antagonistic forces will possibly add greater pressure on China, and adopt new sanctions against China. Regardless of the strong opposition of the Chinese Government and people, the U.S. House of Representatives and Senate again passed the revised bill attached to the "Department of State Authorization Act" on sanctions against the PRC, in an attempt to continue to exercise sanctions against China in legislative form, while slinging mud at China, saying that it "has committed crimes with regards to human rights in all aspects." All this explains that the international reactionary forces will target China after the USSR and Eastern Europe. Therefore, we must be mentally well prepared for it, and shed all impractical illusions.

And 6. The USSR was the first socialist country Lenin had founded, and its evolution will have greater impact on China than Eastern Europe. The Western bloc headed by the United States and international antagonistic forces will add greater pressure on China, meaning additional difficulties. Such adverse currents may cause greater confusion among some people, who are worrying about the CPC's failure to hold on to socialism, and consequently, its end. The reactionary forces stubbornly adhering to the position of bourgeois liberalization and antagonism to socialism will also start trouble to sour political stability in a vain attempt to shake our socialist system. The situation can be rather complicated, and the struggle acute. It is imperative for us to take a clear-cut position, to be well mentally prepared, and to keep close watch on the development of the state of affairs. 1) We must form a clear picture of the nature of the changes in the Soviet and East European situation. Socialism is a long historical process, and setbacks are inevitable even with repetition. However, no matter how tortuous the road will be, the general trend of historical development by which socialism will eventually replace capitalism is beyond alteration. We should not waver and doubt about socialism because of temporary peaceful evolution in the USSR and Eastern Europe. 2) We must see that China's national conditions are different from those of the USSR and Eastern Europe. Ours is a long-tested, mature proletarian political party, and has established the closest bonds with the people through long-term revolutionary struggles with a profound mass basis. Over the 70 years since the CPC's founding, it has been free from the effects of the ideological trends of the opportunism typical of the Second International. Marxism-Leninism and Mao Zedong Thought have all along been our party's ideological guidance. The relationship between the CPC and democratic parties is one of multiparty cooperation under the CPC leadership, and a political system with Chinese characteristics that has taken shape in long-term struggles.

The Western multiparty system has never been capable of finding its way into China, and the socialist system was the historical choice of the Chinese people only after long-term revolutionary struggles. History of the past century or so since the Opium War has fully proved the truth that "only socialism can save China," and "China's development is possible only with socialism." Socialist ideology has already struck deep in people's minds. The reform conducted in China is characterized by Marxist-Leninist guidance, proceeding from China's national conditions, and adhering to the self-completion and perfection of socialism stamped with "one center and two basic points." We have scored tremendous achievements in reform and opening up over the past 10 years, with production developing swiftly, and marked improvement in people's living standards. Thus we have won extensive support from the people. Ours is a unified, multinational country. A strong political rallying force has taken shape among people of all nationalities under the party's leadership. The party's various nationality policies have pushed forward the socialist enthusiasm of

people of all nationalities. Such acute nationality contradictions and conflicts as surfaced in the USSR do not exist in China. Through the severe test of halting turmoil and quelling the counterrevolutionary rebellion, the whole party, whole army, and people nationwide have acquired a more sober understanding of, and sharpened their vigilance against the imperialist strategy of "peaceful evolution," and the ideological trend of bourgeois liberalization, and firmed up their faith in socialism. The Fourth Plenary Session of the 13th Central Committee established the leading collective with Comrade Jiang Zemin as the core, which has led the whole party in conducting efficient work, augmented the party's rallying force and combat effectiveness, and further tightened the flesh-and-blood party-people bonds. All these are the different aspects between China and the USSR and Eastern Europe as well as the political and ideological basis to prevent such eventualities as in the USSR and Eastern Europe from surfacing in China. 3) We should be fully confident of surmounting the negative effects resulting from our external situation, focus our attention and energy on doing a good job in various items of work at home, further develop the political situation of stability and unity, earnestly implement various central measures for weeding out, rectification, and deepening reform, and promote the continuous stability of the national economy to make progress in a harmonious way. It is imperative to do a good job in agriculture to maintain its steady development. Ideological and political work in enterprises must be augmented, especially among those workers and staff members in enterprises closed or with production suspended. The party's various nationality policies must be earnestly implemented to further strengthen nationality solidarity. We must continue to oppose corruption, augment building of clean government, and further tighten the flesh-and-blood party-people bonds. We must always be highly vigilant against provocation of antagonistic forces, and nip all kinds of unstable factors in the bud, and maintain normal social, work, and life order. And 4) Regarding international affairs, our strategy remains adhering to principle, taking advantage of contradictions, making more friends, doing more work, and breaking up sanctions to avoid isolation. We must see that nothing has changed in the general world pattern despite the fact that the United States and the USSR are approaching each other, and Sino-U.S. relations have been at a low ebb in the wake of the "June 4" Incident, in addition to the changes in the Soviet and East European situation in the wake of the normalization of Sino-Soviet diplomatic relations last year. Lots of contradictions are still in existence between the United States and the USSR, and between Western developed capitalist countries. The USSR made the proposal of constructing the "one big European House" with regards to Western reunification, while there are marked differences and intense conflicts of interest. It is also necessary for us to handle well Sino-U.S.-USSR triangular relations, and the multilateral relations between China, the United States, the USSR, Western Europe, and Japan to make relations as such favorable to China. China's

state-to-state relations with the USSR will continue to be based on the five principles of peaceful coexistence, while their party relations will continue to be based on the four party-to-party principles to maintain and to develop normal relations. We should attach greater importance to, and develop the friendly cooperative relations with the Third World countries, who have long been discriminated against and bullied by imperialism, and important international forces in the fight against imperialism and hegemonism, and safeguarding world peace. It is necessary to augment the ties with countries adhering to the socialist road, by giving them political and moral support.

In short, no matter what has happened in the USSR and Eastern Europe, no matter what changes will take place in the world situation, we must retain our faith in socialism, adhere to the socialist orientation, reform and opening policy, and be firm in taking our own road. We must adhere to the party's correct line under the Central Committee's leadership with Comrade Jiang Zemin as the core. China will certainly stand the test of any storm. So long as we work hard, get rid of interference of all sorts, do a good job in our work in a down-to-earth way, our socialist modernization will certainly be successful. (This document is to be well stored, with no reprint allowed, and to be returned.)

RENMIN RIBAO Criticizes Hu Jiwei

HK0205093090 Beijing RENMIN RIBAO in Chinese
27 Apr 90 p 6

[Article by Lin Feng (2651 2800): "Commenting on Hu Jiwei's 'Question on Party Newspapers' Party Spirit and Popularity"]

[Text]

Historical Background and Theoretical Premise When the Question about "Party Newspapers' Party Spirit and Popularity" Was Raised

In the spring of 1979, all fronts in our country were taking steps in light of the principles set forth by the Third Plenary Session of the 11th CPC Central Committee to emancipate people's minds, seek truth from facts, bring order from chaos, sum up historical experience, and plan their future work. A national forum on the journalistic work was held against this background. At the meeting, Hu Jiwei raised the question about "party newspapers' party spirit and popularity." In mid-September of the same year, he gave a lecture entitled "On the Revolutionary Style of Newspapers" to a theory study class in the central party school, where he elaborated upon the topic in a more systematic way.

He said: Facts in many years have shown that our party and the party center committed serious mistakes in the past and our newspapers also committed serious mistakes. It is hard to guarantee that no mistakes will be committed in the future. So, some methods should be found to prevent us from committing major mistakes

again. He then put forward a "rather strange" but "very important" question as he described it: "Is the party greater or the people greater?" "The answer is that the people are greater." Because the party may commit mistakes, but the people are always right (He did not directly say so, but he meant so). In order to prevent the party from committing a big mistake, "one of the effective ways" is to run the central party newspaper into "a strongly effective means of supervising our party." Party newspapers in various provinces and municipalities should also be handled in this way.

Against this background and under this theoretical premise, Hu Jiwei raised the question about party newspapers' party spirit and popularity. His main viewpoints included the following: "Our party has party spirit which is mainly its popular character. Without such popularity, party spirit will not exist." "If party newspapers have no popularity, they will also lose party spirit and will not be worth being called newspapers of the Communist Party." "Party spirit and popularity of our newspapers are not contradictory. However, the two sides were not unified in certain periods in the past." Afterward, he further cited the cases in which party spirit and popularity were not unified, and held that "when party spirit was excessively stressed, some erroneous tendencies would be brought about." In 1958, the mistake of the newspapers in the Great Leap Forward was to "lay inappropriate stress on newspapers' party spirit." At that time, the newspapers "did bear strong party spirit." He pointed out that it was hard for a party committee to avoid committing mistakes, so was it for a party newspaper. While strengthening party newspapers' party spirit, we should also pay special attention to increasing their popularity.

There were several major errors in the theoretical premise for Hu Jiwei's argument about party newspapers' party spirit and popularity.

First, it was not a scientific way to raise the question of whether "the party is greater or the people are greater." The answer to this question—"the people are greater," because the party may commit mistakes but the people are always right—was not a scientific proposition either.

Man can only gradually grasp the truth and cannot grasp all the truth in one single move. So man's thinking frequently goes against the objective regularity. This is the same for a proletarian party as well as for other people. In the revolutionary practice of over 60 years, the CPC armed with Marxism led the Chinese people of all nationalities to win the great victories in the new democratic revolution and in socialist revolution and construction. In this process, the party committed some serious mistakes, but it mainly relied on its own force to correct the mistakes with the help of the people, thus raising itself to a higher level and returning to the path of healthy development. This was the case after the Zunyi Meeting in 1935, and was also the case after the Third Plenary Session of the 11th CPC Central Committee in 1978. Both positive and negative experiences have

shown that the CPC is a great party. We cannot doubt the party's ability to resolve the problems in our country's socialist revolution and construction because the party committed major mistakes in the past, and may still commit mistakes in the future; and cannot lose our confidence in successfully carrying out journalistic reform under the party's leadership.

The people are creators of history. The people have the ability to understand and transform the objective world. However, this does not mean that the people can immediately resolve all problems they are facing. For example, the thought of scientific socialism cannot spontaneously grow among the people. Without the leadership of the Communist Party and without the guidance of Marxism, the people will not be able to consciously shoulder the historic mission of overthrowing the old social system and building new socialist society. The party constantly pursued the leadership method of "from the masses, to the masses" and made correct policy decisions on the basis of pooling the wisdom of the masses. The party's policy decisions were tested and improved in the practice of the masses. So the party's leadership cannot be severed from, or set against the wisdom of the people. Hu Jiwei's question of "whether the party or the people are greater" and his answer that the party would commit mistakes and the people are always right, all violated the Marxist viewpoint about the relationship between the masses, the class, and the political party. They were not scientific nor appropriate.

Second, when summing up the negative experience of the party (including party newspapers) in committing mistakes, Hu Jiwei was wrong in identifying the root cause of the disease and in writing out a prescription.

The party and party newspapers committed mistakes in the past. What then, is the lesson that we should draw from this historical experience? Did the mistakes occur because we adhered to party spirit or deviated from party spirit? Take the cause of the "Cultural Revolution" as an example. This was summed up profoundly and comprehensively in the resolution adopted by the Sixth Plenary Session of the 11th CPC Central Committee. The main problem in the thinking of the central leader who bore the main responsibility for this event was the completely incorrect assessment of the class situation and the political conditions of the state in our country after the basic accomplishment of socialist transformation. The mistake in the "Cultural Revolution" was obviously caused by the deviation from the fundamental principle of proceeding from the reality and seeking truth from facts, or the deviation from the Communist Party's party spirit. As Comrade Mao Zedong pointed out long ago, subjectivism was a demonstration of the impurities in party spirit, while the scientific and realistic attitude was representative of the party spirit. At that time, party newspapers and other journalistic institutions committed mistakes, mainly because they were influenced by the political situation and by the erroneous "leftist" ideology and were controlled by Lin Biao and the "Gang of Four."

In short, the party committed mistakes and there were mistakes in journalistic work, all because some people violated party spirit and violated the fundamental principles of Marxism. That is, the mistakes did not occur because party spirit and the fundamental principles of Marxism were upheld. In order to correct the mistakes and prevent the recurrence of mistakes, we must still rely on adhering to party spirit and upholding the fundamental principles of Marxism. Hu Jiwei thought that the fact that the party committed mistakes showed the imperfection of party spirit and that the fact party newspapers committed mistakes because they laid excessive stress on party spirit. Therefore, he argued that in the socialist journalistic work of our country, it is necessary to put forward the concept of popularity with relevance to party spirit so that popularity can be used to support and strengthen party spirit and to prevent party newspapers from committing mistakes again. Obviously, he incorrectly identified the root cause of the disease and also wrote out the wrong prescription.

The Party Spirit Principle Is the Essence of Socialist Journalism

In order to analyze Hu Jiwei's fallacy on the issue of party spirit and popularity, we must have a correct understanding of the party spirit of our journalist undertakings.

Party spirit is the epitome of class nature. As Lenin said, "strict party spirit is the subsequence and result of the development of class struggle to a high degree." ("Selected Works of Lenin" Vol. 1, p 656) Political parties of different classes have different kinds of party spirit. A proletarian party armed with Marxism openly declares its strict party spirit, but the bourgeois parties usually deny their party spirit and try to cover it up. The Communist Party is the product of the combination of the labor movement with Marxism. The party spirit of the Communist Party is derived from the class nature of the proletariat and Marxism. The proletariat is representative of modern advanced productive forces, and the interests of the proletariat is in keeping with the law governing social development. The proletariat is a class leading socialist revolution and construction. Marxism scientifically expounds the general laws governing the development of nature, human society, and thinking, and provides the theoretical grounds and guidance for the Communist Party in leading the people to carry out socialist revolution and construction. The proletariat and Marxism both have a progressive character, which is epitomized by the party spirit of the Communist Party. Party spirit requires all Communist Party members to master Marxism, hold the viewpoint of dialectic materialism and historical materialism, assume a realistic attitude of seeking truth from facts, maintain the spirit of serving the people wholeheartedly, have a strong sense of organization and discipline, guide the masses to realize the truth and strive for self-emancipation, and untiringly fight for overthrowing the rule of the exploiting classes and for realizing the communist system. On 1 July 1941,

the CPC Central Committee's Decision on Strengthening Party Spirit pointed out that party members should strengthen their party spirit in the ideological, political, and organizational aspects.

The party spirit principle for the socialist journalistic undertakings is the embodiment of the Communist Party's party spirit in journalism; is the embodiment of the party's ideological, political, and organizational principles and the party's norms of behavior in the journalistic work; and is representative of the Communist Party's general opinion on the status, character, and functions of journalism. This party spirit principle requires that the position, viewpoint, and methodology of Marxism are applied to approaching and reflecting the objective world; to handling various issues in the journalistic work, including the relationship between news reports and facts, between the journalistic undertakings and the masses, between the journalistic institutions and the party and government institutions, between journalism and the economic foundation, and between various parts of the journalistic undertakings.

The party spirit principle should not be merely interpreted as obeying the party's leadership in the organizational field and following the party's instructions without noticing the ideological and political requirements set forth by the party. The party spirit principle should neither be merely interpreted as the relationship between the journalistic undertakings and the party without noticing the relationship between the journalistic undertakings and the people. It is improper to exclude such important points as reflecting the interests of the masses, keeping contacts with the masses, and serving the people from the party spirit principle. It was precisely on these important points that Hu Jiwei misrepresented the party spirit principle.

What is the popularity of party newspapers? Hu Jiwei wrote an article in October 1986 and said that the popularity of the newspapers means that "they should completely stand on the position of the people, completely proceed from the interests of the people, and tell the people what they exactly need to know." In other words, they should "reflect the people's lives and struggle to the maximum, represent the people's voice, feelings, thoughts and actions to the maximum." This is also what "serving the people" means. (Hu Jiwei: "Collection of Essays on Journalistic Work" p 257)

According to Hu Jiwei's opinion, party spirit only stressed the dissemination of the party's position and served the interests of the proletariat, and only popularity served the interests of the people. In other words, the party spirit of party newspapers did not include the point of serving the people. He further pointed out that party spirit stressed "to the masses" (through publicizing the party's policies), while popularity stressed "from the masses" (reflecting the opinions of the masses and the actual conditions); party spirit stressed the running of newspapers according to the will of the leaders, while popularity required newspapers to follow the wishes of

the masses and hold themselves responsible to the people; party spirit represented supervision inside the party, while popularity reflected the people's supervision over the party. That is to say, in Hu Jiwei's eyes, party newspapers' party spirit did not reflect the people's opinions and their actual conditions, did not embody mass supervision, did not require that consideration be given to the opinions of the masses in the running of the newspapers, and did not include such important points as serving the people and being answerable to the people. These were the theoretical grounds on which Hu Jiwei called for using popularity to strengthen and "reinforce" party spirit.

Hu Jiwei's argument that party spirit did not include the contents of popularity exposed the inconsistency in his opinions on party spirit and popularity. In 1979, he said that party newspapers' party spirit is their popularity; without popularity, there would be no party spirit. Thus, party spirit and popularity were in fact the same thing. According to this logic, the contents of popularity he mentioned in 1986 should be included in party spirit and should be a major component part of party spirit. However, in 1986, he pointed out that those points were exclusive attributes of popularity and did not exist in the contents of party spirit. That is to say, for Hu Jiwei, the points of reflecting the opinions of the masses, embodying mass supervision, serving the people's interests, and being answerable to the people, were all exclusive attributes of popularity and were not included in the contents of party spirit. This showed how inconsistent his opinions were. His argument in 1986 simply repudiated the opinion he expressed earlier. People may ask: If Hu Jiwei argued that the above-mentioned points constituted the "exclusive attributes" of popularity, then what could be regarded as the main contents of party spirit, and what could be regarded as the sources of party spirit (in late 1981, Hu Jiwei said that "party spirit is derived from popularity and is higher than popularity").

The CPC is the vanguard of the working class, and represents the fundamental interests of the working class and the masses. Adherence to the party spirit principle means adhering to the principle of the fundamental interests of the working class and the general public. The party's representativeness of the interests of the working class should not be severed from, nor set against the party's representativeness of the interests of the general public. Similarly, the party newspapers' responsibility to the party should not be severed from, nor set against their responsibility to the people. If the points of reflecting the opinions of the masses, embodying mass supervision, serving the people's interests, and being answerable to the people are all regarded as the exclusive attributes of popularity and excluded from the contents of party spirit as Hu Jiwei argued, then what are the points remaining in the contents of party spirit? What value does party spirit still retain?

The Proposition That "Party Spirit Is Derived From Popularity" Is Not Scientific

In late 1981, Hu Jiwei argued that "party spirit is derived from popularity." However, he issued a statement in Chongqing in October 1985: "Party spirit is derived from popularity" was not his viewpoint. In October 1986, he again admitted that he once upheld the proposition that "party spirit is derived from popularity" and asked: What is wrong with saying that "party spirit is derived from popularity"?

Hu Jiwei's argument that "party spirit is derived from popularity" is not scientific. Marxism holds that the people constitute an historical category. In different countries and in different periods of the same country, the concept of the people has different contents. For example, in the period of the anti-Japanese war, in the period of the Liberation War, and in the period of socialist construction in our country, the people included different classes and social strata.

By party spirit, we mean the proletarian party spirit. Before the proletariat emerged, there was no such party spirit. After the emergence of the proletariat, it is certain that the party spirit of the proletarian political party did not derive from the class nature of peasants and petty bourgeois. Although the advanced nature of the proletariat constitutes one of the major sources of party spirit, without the leadership of the Communist Party and the guidance of Marxism, the proletariat itself would not spontaneously create the advanced thought of scientific socialism and communism. Therefore, without Marxism, there would not be the party spirit of the proletarian party. Similarly, the advanced nature of the proletariat and Marxism cannot be regarded as something derived from the nature of the people, and party spirit cannot be regarded as something derived from popularity. The party spirit of the Communist Party cannot be equated with the common character of various sectors of the people, including workers, peasants, intellectuals (and also national capitalists and enlightened gentry in a certain historical period). Therefore, the proposition that party spirit derives from popularity is not scientific and is not in keeping with the basic principles of Marxism.

In Essence, He Tried To Shake Off the Party's Leadership Over Journalism

Hu Jiwei's arguments about "party newspapers' party spirit and popularity" inevitably led to some people's demand for journalistic freedom to criticize the party's major policy decisions, and for changing the character of the newspaper as the party's mouthpiece. They would take supervision as the character and primary function of the party newspapers, and turn the central party newspaper into "a powerful means of supervising our party." These questions are interrelated and can be traced to the same origin.

As a member of the Standing Committee of the National People's Congress [NPC], Hu Jiwei committed the mistake of supporting the turmoil and involving himself in the turmoil, and also encroached on other people's rights through collecting the signatures for demanding the holding of an urgent NPC Standing Committee meeting.

Why did Hu Jiwei do this? He said: "Now, all people are disappointed in the party central leadership and the government, they can now only pin their hopes on the NPC." It seemed to him that the party was wrong and he was right. So party spirit did not work, and only popularity could play a positive role. Thus, it was necessary to publish news reports and create public opinion to correct the mistake of the party and the government in checking the turmoil. Hu Jiwei's behavior and remarks in the period of last year's turmoil and rebellion helped us realize the harmfulness and erroneousness of his journalistic viewpoints better. On 16 May 1989, some editors and reporters for some central journalistic institutions said in their "statement on supporting the students": "When the party commits a mistake, we have a duty to warn the party and prompt it to listen to the voice of the people." Didn't this precisely reflect Hu Jiwei's viewpoint about party spirit and popularity? The erroneous journalistic viewpoint represented by Hu Jiwei constituted the main theoretical and ideological cause of the mistake in the orientation of opinion committed by some journalistic institutions and some journalists in the period of the turmoil and the rebellion.

By playing up popularity, misrepresenting party spirit, and negating the party spirit principle, Hu Jiwei in fact tried to turn our party newspapers (as well as other journalistic institutions) into "a powerful tool" for supervising the party and the government, with them being freed from the party's leadership and even being placed above the party.

Further Coverage of Labor Day Celebrations

Cities Hold Activities

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1401 GMT 1 May 90

[Text] Beijing, May 1 (XINHUA)—Beijing, Shanghai, Tianjin, and other localities in China have held various activities to mark this year's labor day.

Today is a fine day in Beijing after a rain yesterday. In the sunshining morning, some 100 "May 1" labor medal winners and representatives of national model workers visited the Tiananmen rostrum, where late Chairman Mao Zedong announced the founding of the People's Republic of China in 1949.

They came to Beijing to attend a ceremony on April 27, at which 1,060 workers, 118 units and enterprises and 313 work teams were commended by the All-China Federation of Trade Unions for their outstanding service to the nation's development.

On the rostrum, Wangdai Luobu, a model teacher from the Ngari Prefecture of the Tibet Autonomous Region, said: "The honor given to me by the Chinese Communist Party and state is also for 150,000 teachers and educational staff in Tibet."

They paid their respects to the remains of late Chairman Mao Zedong at his memorial hall.

On the Tiananmen Square, the center of Beijing and in front of the Tiananmen rostrum, there were many holiday-makers with some playing kites or taking pictures.

In Nanning, capital of the Guangxi Zhuang Autonomous Region, 5,000 workers went to streets to provide voluntary services.

Beijing TV Shows Celebrations

OW0205055490

[Editorial Report] Beijing Television Service in Mandarin at 1000 GMT on 1 May, in its regular "National News Hookup" program, carries the following video reports on May Day celebrations in Beijing and other Chinese cities:

1. A 2.5-minute video report, the lead item, on May Day activities in Beijing shows national model workers standing atop the Tiananmen Gate tower to watch vehicles and pedestrians moving in an orderly manner through the square. Video also shows model workers and people attending a garden party at the Beijing Workers' Cultural Palace and paying respects at the Mao Zedong Memorial Hall.

2. A 1.5-minute video report shows a bright, sunshine-filled Beijing on May Day following a night of wind and rain. Video shows throngs of people from Taiwan and other parts of China taking photographs at Tiananmen Square. Video cuts to show young pioneers standing guard at the Monument to the People's Heroes. Video further cuts to show a Western dance and music performance at the Beijing Workers' Cultural Palace.

3. A 1.5-minute video report on celebrations in Shanghai shows a meeting held on the evening of 30 April to commend 1990 model workers in Shanghai. Mayor Zhu Rongji is seen presenting certificates to the model workers and attending a garden party.

4. An under-minute video report on celebrations in Tianjin shows a long-distance race, rural folk dance performance, story-telling session, and calligraphy demonstration.

5. An under-minute video report on celebrations in Guangxi shows Li Tieying, member of the Political Bureau of the CPC Central Committee, state councillor, and chairman of the State Education Commission, joining leaders of the Guangxi Zhuang Autonomous Region at a workers' soiree held in Liuzhou on the evening of 30 April.

6. An under-minute video report on celebrations in Hubei shows garden parties held in Wuhan parks.

Beijing University Cancels Activities

HK0205015790 Hong Kong HONGKONG STANDARD in English 2 May 90 p 7

[By Cheung Po-ling]

[Text] The Beijing University, hotbed of last spring's pro-democracy student movement, has cancelled all the commemorative activities for the May 4 Movement and the institution's 92nd anniversary on the same day.

After students at the university had spearheaded the revolutionary movement against imperialism and feudalism on May 4, 1919, the university, which was founded in 1898, chose the day as its official anniversary.

The day has been marked in the past with large-scale cultural activities, carnivals, seminars and other celebrations.

However, university authorities have this year told the students there will be no activities organized to commemorate the movement or the anniversary.

However, no reason has been given for the decision.

On May 4 last year, the university authorities scheduled many events, but these were seriously interrupted by a largescale student march in support of the pro-democracy movement.

Copying their predecessors of 1919, tens of thousands of students from more than 30 Beijing colleges gathered last May 4 at the Tiananmen Square to demand freedom of the press, political reform and an end to official corruption.

As in 1919, they boycotted classes, set up an unofficial newsletter and distributed pamphlets to spread their message to the public.

"What the May 4 Movement embodied was the desire for democracy and science to save the country from backwardness," one of the students said yesterday.

"But I think these two things are no longer the spirit of our university."

"Democracy is not wanted in the campus. Now the students want money, opportunity to study abroad and better job assignments."

Another student said many people were not surprised by the cancellation of the commemorative activities.

"It is obvious that the top management of the university has shown less enthusiasm towards this year's anniversary," he said.

"But what could you expect when most of the reformists in the university have been replaced by conservative hardliners?"

Despite the antipathy of the school authorities, some student bodies have still organized activities such as essay competition and talks.

But student sources said the activities had met with a lukewarm response.

On a corner of the notice board at the university's Sanjiaodi—the main site for posters during last year's student movement—a small notice was put up by the student association.

It read: "The seminar on the May 4 Movement has been cancelled since many speakers have found the topic a taboo and thus did not accept the invitation."

Many students said they did not expect to see any disturbances either on or outside the campus on May 4 and they predicted the memorable day would pass unnoticed.

Zhang Baifa, the Deputy Mayor of Beijing, said earlier it was highly likely that Tiananmen Square would be closed on May 4.

"There will be some official activities commemorating the Youth Festival being held on that day on the square and the public would be barred from entering the place," Mr Zhang said.

"But such inconvenience would just last for one day."

'Justifiable Defense' Acts By Police Viewed

HK0205033090 Beijing RENMIN GONGAN BAO
in Chinese 13 Apr 90 p 3

[Article by Xu Chao (6079 6389): "Another Discussion on Acts of Justifiable Defense by People's Policemen in Performing Their Duties"]

[Text] In 1983, the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Public Security, the Ministry of State Security, and the Ministry of Justice promulgated "Specific Provisions on Acts of Justifiable Defense by People's Policemen in Performing Their Duties" (called "Specific Provisions" for short). These provisions are of great significance to a people's policeman who, in performing his duties, makes a justifiable defense against an ongoing illegal act of encroachment, thus protecting public interest and the people's life and property and crack down on criminal activities. In conjunction with the study of the "Specific Provisions," I shall try to talk about my superficial understanding of the question of justifiable defense made by people's police in the course of performing their duties.

1. It Is Necessary To Correctly Understand the Meaning of Performance of Duties

This is a principal feature of justifiable defense. Performance of duties refers to the fulfillment of one's duties or exercise of one's functions by people's police according to relevant regulations promulgated by the state. It is stipulated in Article 2 of the "Regulations on People's Police of the PRC" that "the duty of a people's policeman is to punish counterrevolutionary elements; prevent and stop the sabotage activities of other criminals; maintain public order and security; and protect public property and citizens' rights and legitimate interests in accordance with the law in order to defend the people's democratic system and ensure the smooth progress of the state's socialist construction." Article 5 sets down 19 tasks of a policeman, such as "preventing, stopping and investigating the sabotage activities of counterrevolutionaries and other criminals, and tracking down and arresting criminals who evade investigation, trials, and sentencing." If the people's policemen exercise these functions, they can be regarded as performing their duties.

In practice, we should correctly understand the meaning of performance of duties. Some comrades hold that if a people's policeman comes across an illegal act of encroachment in circumstances other than performance of duties, he or she may, of course, act in justifiable defense but there is no need to apply the "Specific Provisions." In my view, this idea is open to discussion. As defender of the political power of the people's democratic dictatorship and protector of public property and citizens' person and legitimate property, a people's policeman is different from a citizen in an ordinary sense. He has a special identity and shoulders a special task. This determines that he has to constantly protect the people and crack down on law breakers. At all times and under all circumstances, a people's policeman is performing his duty when he struggles against law breakers performing an illegal act of encroachment. For example, if an off-duty traffic policeman finds, on his way home by car, that an arms-toting ruffian attempts to hijack the car, he should, after revealing his identity, do all he can to fight against the criminal and arrests him after wounding him. We should regard this people's policeman as performing his duty. We should not regard him as not performing his duty just because he is a traffic policeman who does not have the duty to manage public security or because he is off duty. This is because, as a people's policeman, he has the duty to struggle against criminals at any time. The people's police in our country are divided into many kinds, such as criminal policemen, policemen in charge of household registration, traffic policemen, fire fighters, and so on. In essence, they are people with the identity of policemen. As long as they spot a criminal committing a crime, they should step forward to stop it.

2. It Is Necessary To Correctly Understand the Essence of Justifiable Defense by People's Policemen in Performing Their Duties

Some countries regard justifiable defense by judiciary personnel in performing their duties as a method to prevent violations of the law and as a form to remove social danger. Justifiable defense has been put forward in China's criminal law as a citizen's right. It is not classified, nor is an independent provision made on a people's policeman's justifiable defense against an ongoing illegal act of encroachment. In our view, when a policeman makes a justifiable defense against an ongoing act of encroachment in the course of performing his duty, he not only safeguards his own rights and interests but, more importantly, he exercises his duty according to state laws and regulations, and protects public interest and the people's life and property. In essence, this is an act of justifiable defense in the performance of one's duties. The "Specific Provisions" sets forth seven conditions under which a policeman may make a justifiable defense, namely, forcible hijacking or control of aircraft, vessel, train, tram, car, and other means of communications, which places public safety in danger; driving means of communications to intentionally endanger public safety; committing acts of arson, explosion, homicide, plunder, and so on, which seriously endanger public safety and people's life and property; when a specific target or object of police protection is subject to violent attack or is in critical danger of being violently attacked; when confronted with extraordinary circumstances, such as resistance by force, seizure of weapons, and physical assault, in the course of taking in, detaining, rounding up, trying, escorting criminals and pursuing and capturing escaped criminals; when a crowd break into a jail and rescue prisoners or when personnel under surveillance in a lockup, custodial house, detention house, prison, reform-through-labor farm, or education-through-labor farm revolt, commit acts of violence, and seize weapons; when a people's police is attacked by force or his weapons or apparatus are seized. Judging by the aforesaid seven conditions, a people's policeman must struggle against a criminal when confronted with the aforesaid conditions in order to protect the legitimate interests of the state, the collectives, and the citizens. This is what is meant by performance of one's duties.

3. Justifiable Defense Is the Duty of People's Police

The "Specific Provisions" not only explicitly stipulates that a people's policeman should make a justifiable defense against an ongoing illegal act of encroachment when performing his duty but, more importantly, it also puts forward justifiable defense as a duty of a people's policeman, thus distinguishing it from justifiable defense in an ordinary sense. It is stipulated in Article 1 of the "Specific Provisions" that "under one of the following circumstances, a people's policeman must act in justifiable defense to incapacitate or stop a person carrying out an illegal act of encroachment...." Judging by the phraseology of legislators, the word "must" means that it is

absolutely necessary to do because there is no other options or that it is a duty that must be fulfilled. If he fails to stop crimes, resulting in great losses to people's life and property, he should not only be subjected to moral censure but also punished according to the law when there are serious consequences. It is stipulated in Article 4 of the "Specific Provisions" that "if, in performing justifiable defense, a people's policeman gives up his post, his criminal responsibility should be investigated and affixed according to the law when this leads to serious losses in public property and the interests of the state and the people; he should be given administrative penalty by the competent department when this leads to minor consequences." This is different from ordinary citizens. When ordinary citizens act in justifiable defense against an ongoing illegal act of encroachment, it is a right conferred upon them by the Constitution; it has nothing to do with duty.

'True Story' of 'River Elegy' Sequel Revealed

HK0205034190 Beijing WENYI BAO in Chinese
 7 Apr 90 p 5

[Article by Chen Zhiang (7115 1807 2491): "'Sunrise In the Heart' and How It Vanished—On the 'Sequel' to 'River Elegy'"]

[Text] Su Xiaokang and his ilk said several times in their published articles that they were working on the "sequel" to the "River Elegy." If what the "River Elegy" has done is largely "to lash our ancestry," then the "sequel" is to comment mainly on the "hundred-year vicissitudes." What is the true story behind this "sequel" and what does it advocate?

The "sensation effect" of the "River Elegy" threw its makers and supporters into ecstasies. They decided to continue their cooperation further down the line of thoughts expressed in the "River Elegy." In 1989 came the 70th anniversary of the "May 4th Movement," which became the next topic for the "River Elegy" makers. The initiator of this plan is said to be Jin Guantao, adviser to the "River Elegy." In his article "End-of-the-Century Reminiscences" recalling the making of this sequel, Su Xiaokang wrote: "Proposed by Mr Jin Guantao, our 'commemoration' is intended to voice our opinion on the hundred-year vicissitudes through television, this 'giant of modern times.'" At the forum on the "River Elegy" held by WENYI BAO, Jin himself said, "I hope the crew of the 'River Elegy' will turn out still better work with this spirit (Author's note: the 'thoroughgoing spirit' of being prepared for hell)." Shortly after the premiere of the "River Elegy," one of its scriptwriter-directors said to reporters: "What is even more inspiring is that some renowned academics in our country have worked out with me a new plan for further cooperation. We will firmly move on along this road." (RENMIN RIBAO, 21 July 1988) On the same day, YANGCHENG WANBAO also published an article by one of the scriptwriters of the "River Elegy" titled "'River Elegy' and I," which boasted about the "Elegy"

as "having assimilated the cream of all schools of thought in China today" and said: "The original crew are now making preparations for a new TV program to commemorate the 70th anniversary of the 'May 4th Movement.' I believe it is going to be more mature than the 'Elegy.'" They seemed full of confidence. One of the reasons is probably that they had support from some "authoritative personages."

Thereupon, they once again ganged up. Jin Guanta recommended a "middle-aged academic" who was "working for his doctorate under Li Zehou the Famous" and was familiar with, and had a good understanding of, Li's notion of "duet variations of enlightenment and national salvation." He held that "the New Culture Movement walked into a maze on the very day of the May 4th Movement," the "maze" of patriotism and national salvation. That is to say, like the rest of the self-proclaimed "elite," he believed that national salvation had ruined enlightenment. Being of such a mind he was naturally the best candidate for scriptwriting. Thus, a decision was made right away asking him to contribute a script outline. That was during the rainy summer days of 1988.

A copy of the outline is now available titled "Sunrise In the Heart." Apart from this, Su Xiaokang told a SHANGHAI QINGNIAN BAO reporter in May 1989 that the TV program was titled "May 4" for the time being. Apparently the general title had not been finalized and the titles for individual episodes were also being weighed. The outline of "Sunrise In the Heart" is in three parts. Part One, "Seeking the Theme of Modern China," comes in three episodes. Under the title "In Pursuit of Wealth and Strength," Episode One traces the history of the Chinese people in seeking wealth and strength since the Opium Wars and winding up with the conclusion that "democracy is impossible without adequate cultural preconditions and national basis." This foreshadows the ensuing argument for the notion of "duet variations of enlightenment and national salvation." Episode Two, "The Voltaires In China," focuses on extolling Liang Qichao, Yanfu, and particularly Chen Duxiu and Hu Shi, as "immortal contributors to the introduction of a new trend," making no mention at all of Li Dazhao or Lu Xun. Episode Three, "The Holy Land of New Culture," mainly sings the praises of Cai Yuanpei who incorporated different thoughts and acclaims Beijing University as "the realm of ideological freedom." The title for Part Two, also in three episodes, is "Shouldering the Destiny of China." According to the plan, the speaker in Episode Four is an old comrade of noble character and high prestige. They try to emphasize, through this veteran participant in the "May 4th Movement," that "Government wrongs ought to be corrected by students," making evident their intention to fan the flames of the student movement. Episode Five, "Initiators of the New-Vernacular Literature," is an account of the literary activities of such figures as Lu Xun and Mao Dun. Episode Six, "Enlightenment and National Salvation," comes to the core of the program. Naturally, the

planned speaker is "Instructor" Li Zehou. This episode directly expands Li's notion of so-called "duet variations of enlightenment and national salvation." It contends: "With a strong nationalist mentality, people tend to forget the theme of China; the theme that true national salvation is possible only when enlightenment is constantly carried forward and that patriotism is meaningful only if we continue to learn from the West about self-improvement. The result is that national salvation overrides enlightenment, that individual rights and interests come under the illusory collective will, that the principle of taking whatever is beneficial turns into obscurantism advocating closed-door practices, and that the newly started literary forms give way to the old national ones.... Not only is the task of developing a new culture disregarded but the fruits of the enlightenment campaign are largely lost." In a word, it was a monstrous crime for the CPC to lead the people in fighting against imperialism and the anti-feudal struggle under its leadership was also futile. In Part Three, "Toward A Modern Culture In China," there are also three episodes. Episode Seven, "Under the Banner of Science," has Jin Guantao, mastermind behind this program, as the main speaker. It states: "Since the May 4th Movement, the status of Mr Science in China is still a question," and "intellectual standards as one of the ultimate measures of value has not yet taken root." Episode Eight is titled "On the Way to Democracy." Episode Nine, "A Grand Day For Intellectuals," puts forward the idea, intended to be impressive, that "May 4th is not the so-called 'Youth Day' in a broad sense but an 'Academics Day,' an 'Intellectuals Day,' and a grand day for the cream of Chinese intellectuals today." This is an attempt to totally change the meaning of the "May 4th" Youth Day.

Later, significant changes were made to this outline, converting the three parts in nine episodes into five episodes, each with a two-character title. Su Xiaokang once told reporters what these five episodes were about. Episode One, "The Evolution," is on the Westernization Movement, the Reform Movement of 1898, and the Revolution of 1911, all preceding the "May 4th" Movement. According to Su, this episode "shows the failure of reform at the economic level, which is quite a lesson to go back to in coping with what faces us." This is, of course, sheer nonsense. What on earth has turned the Reform Movement of 1898 and the Revolution of 1911 into reforms at the economic level? However, it reveals the fact that they have an axe to grind. Episode Two, "Stealing Fire," extols Cai Yuanpei, Chen Duxiu, and Hu Shi. It claims: "These great thinkers have no progeny. The spirit of 'May 4th' has not been carried forward but has given way to a wild fire," condemning the rise of the Communist movement. Episode Three, "The Maze," "describes aborting the 'May 4th' New Culture Movement. Patriotic national salvation ended up in salvaging the old civilization." The spearhead is directed at the CPC-led New Democratic Revolution. Episode Four, "Lost Soul," goes a step further, criticizing Comrade Mao Zedong as a "charismatic" leader. The term charisma comes from the "New Testament"

and refers, in German sociologist Webb's use, to the extraordinary power of leaders to inspire devotion. In his senseless message, Su Xiaokang says that the charismatic Mao Zedong "became one with the irrationalism and ignorance of the masses," which led to the departure from modernization in China. Episode Five, "Chasing the Sun," talks of Chinese intellectuals "all getting lost together after the 'May 4th Movement.' After liberation, they sank further into neo-authoritarianism. Leaning to one side as a whole group has led to the ruin of the whole group." It goes on to say: "Today, the overriding problem facing intellectuals is to establish a free and independent personality, without which nothing can be achieved." This is an undisguised attempt to instigate intellectuals to divorce themselves from the party and to oppose the party leadership.

In December 1988, Xia Jun [1115 7486] formed a production team of six and they left Beijing for the south. They stopped first in Anhui on 22 December to visit Chen Duxiu's grave. Surprised because the word "Comrade" was not on the gravestone, they lamented that the Chinese Revolution even "denied its earliest doctrines" and expressed their "utter aversion" for the heated struggle between the capitalist line and the Communist line. Su and his ilk think it was extremely wise and prophetic of Chen Duxiu to follow Trotsky in attacking the Soviet Communist Party. They say that he "anticipated the tragedy of the Soviet party earlier than anyone else in the CPC." It is their opinion that the casting aside of Chen by the Chinese was not a tragedy for Chen but "a tragedy for China." The team arrived at Hu Shi's home town on 25 December. Su Xiaokang disagrees with the inscription flanking Hu's portrait: "Outstanding for a day but regrettably lost his way" and "thinks it is he who is in a position to feel regret for all of us." Why? Because, to Su and his ilk, the idea of "lessism, more study of problems" advocated by Hu Shi is a "golden saying." "No politics for 20 years" and concentrating on exploring academic principles is the "only way to effect a permanent cure." Regrettably, however, "this became nothing but 'lunatic ravings' to the 'revolutionary radicals' of the impatient Chinese." Hu Shi alone was awake and "just as in a football match: He was the only one observing the rules and therefore had to stand by helplessly while the rest were all disregarding the rules." To laud Hu Shi to the skies, Su Xiaokang and his ilk did not hesitate to hurl abuse at hundreds of millions of Chinese people and the revolutionary cause. After visiting Hu Shi's memorial, Su and his team went on to Cai Yuanpei's former home in Shaoxing. What first angered Su Xiaokang was that the order of the three Zhejiang sages Cai Yuanpei, Qiu Jin, and Lu Xun had been reversed: "When Cai Yuanpei was Chairman of the Restoration Society, Qiu Jin was one of his valuable assistants. When Mr. Cai was minister of education in the early days of the Republic of China, Lu Xun worked under him and was later appointed as a lecturer at Beijing University by him." But what about now? Lu Xun's former residence is classified as a cultural relic under state protection, Qiu Jin's Datong School is under

provincial protection, but Cai's former home is only under city protection! Su's judgment of historical figures according to their official rank or status is indeed stale and ludicrous. If this argument stood, the home of the one-time president of the Republic of China, Yuan Shikai, should have been designated a cultural relic under "global" protection. Nevertheless, Su's indignation seems to be a manifestation of his reverence for Cai Yuanpei. But what he admires in him? Is it that which was summarized in Zhou Enlai's elegiac couplets: "From expelling Manchu invaders to fighting Japanese aggressors, you aspired after national revolution; from the May 4th Movement to the Alliance of Human Rights, you were in pursuit of democracy and freedom"? No. What Su appreciates is that "he did not believe radical practices of class struggle and national salvation could save China." We hold that Cai Yuanpei was an enlightened educationalist. Though his theory on class struggle showed his weakness and inadequate understanding, he consistently took an active part in, and supported, the patriotic campaign for national salvation, which was where his merit lay. Su Xiaokang wantonly praises his weakness and obliterates his merit in an attempt to attack the Chinese Revolution by commending Cai Yuanpei. He even blames Cai's death on "the abnormal period of history during which national salvation prevailed over enlightenment." Su Xiaokang turns a blind eye to the fact that the new culture developed full sail after the rise of the communist movement and talks such nonsense as: "The new civilization introduced by Cai Yuanpei by way of Beijing University ended up almost extinct" and "the holy fire stolen from the West eventually burned out in the endless night of China, while the raging wild flames sparked off in the ancient wilderness reduced those fire-stealers to ashes."

Having traveled westward from Zhejiang, they arrived at Mao Zedong's home town, Shaoshan. At this point, Su Xiaokang had a lot to say. He held that Mao Zedong represented "an anti-intellectual tradition" and "established a charismatic reign." "Requiring each individual to abandon himself to serve the interests of a political party, class, state, and nation is the biggest secret of the success of charisma. This, however, was simply alienated from the May 4th Spirit—emancipation of individuality, free mind, personality independence, renewal of national quality, and so on—which had brought into being a new civilization." He also said: "There lies the crux of the problem that has been stopping China from entering modernization after the Chinese fought bloody battles for 30 years and made arduous efforts for the ensuing 40 years." We cannot but feel shocked and boil with rage at such irresponsible remarks and lame sophistry by Su Xiaokang and his ilk. It is common knowledge that individual interests and those of the collective coincide, as does the emancipation of individuality and that of a class, a nation, and all men. The relationship between them is a dialectic one. On the one hand, "the development of an individual is dependent on the development of all others who are in direct or indirect contact with him." ("Complete Works of Marx and Engels," Vol

3, p 515) That is to say: An individual cannot do without a collective; the development of an individual is impossible without the development of the collective; and therefore each individual must serve the interests of the collective and promote the development of the collective in order to make his own development possible. On the other hand, "free development of each individual is the precondition for the free development of all individuals." ("Complete Works of Marx and Engels," Vol. 4, p 491) This means that a collective cannot do without individuals, the development of a collective is dependent on the development of each individual, and that free development of a collective is not possible until each individual has been able to develop himself freely. The emancipation of all men means the emancipation of the individuality of each individual. Obviously, Su Xiaokang and his ilk are utterly ignorant of this dialectic relationship. By their absurd way of reasoning, it seems that Chinese society would have entered modernization earlier if each individual had refrained from serving the collective interests and concentrated on his own individuality emancipation. Can this be possible?

Upon returning to Beijing at the end of 1988 from the 40-day visit to the south of Chang Jiang, the team went about the writing separately. After the Spring Festival, the first drafts of all five episodes were ready and submitted to Su Xiaokang for revision and polishing. However, neither the drafts nor the finished version by Su are yet available for us to see. They were probably destroyed as incriminating evidence quite some time ago.

With the falling through of the counterrevolutionary rebellion and Su Xiaokang's defection, "Sunrise In the Heart" also met its end. It has been dumped onto the rubbish heap of history before it was out. Nevertheless, the broadcast of the "River Elegy" and the making of "Sunrise In the Heart" are indeed startling. The "River Elegy" was a frenzied attack on the four basic principles and "Sunrise In the Heart" has gone even further. Why could stuff like this spread freely for some time on our socialist ideological front? Is not this a very bitter, yet profound, lesson for us to ponder?

XINHUA Article Features Korean Nationality

OW0205044690 Beijing XINHUA in English
1209 GMT 26 Apr 90

["Korean Nationality; tenth in the series 'Knowledge About China'"—XINHUA headline]

[Text] Beijing, April 26 (XINHUA)—(Editor's note: This story is the tenth in the series "Knowledge About China", which provides basic information about Chinese society and started on April 16.)

The Korean nationality has a population of 1.763 million. They are mainly scattered over the provinces of Jilin, Liaoning, and Heilongjiang.

The Korean people have their own language, the written form of which was invented in the 15th century.

The ancestors of the Korean minority in China emigrated to China from the Korean peninsula in the 17th century. They are skillful at growing paddy rice in cold North China. The Yanbian Korean Autonomous Prefecture, an area where the Koreans live in compact communities, is a major rice and tobacco producer in the northern part of China.

The Koreans attach great importance to education. During holidays, weekends and spare time, Koreans often sing and dance to express their feelings. The Koreans love sports. Football is popular among them. Women enjoy playing on swings and seesaws.

Most Koreans dress in white or plain clothing, but young women like colorful silk dresses. They pay particular attention to hygiene and etiquette.

The Koreans have similar holidays as the Han people. But they have three special family holidays—the first birthday of a baby, the 60th birthday and the 60th wedding anniversary. The Koreans' respect for the old and care for the young are widely admired.

Volunteers Help Traffic Safety in Beijing

OW3004080190 Beijing XINHUA in English
1039 GMT 26 Apr 90

[Text] Beijing, April 26 (XINHUA)—More than 1,150 volunteers, mostly retirees, are contributing to traffic safety in the Chinese capital.

According to today's "BEIJING DAILY," no major traffic accidents or disputes have been reported since the beginning of last year at the 464 bus stops where volunteers provide free services.

The volunteers, about 45 percent of whom are retired workers and demobilized soldiers, maintain public order, help senior citizens, the handicapped and children cross streets and offer directions for travellers.

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HK0205094090 Beijing RENMIN RIBAO in Chinese
30 Apr 90 p 8

[Table of Contents for QIUSHI No. 9, 1 May 1990]

[Text] "Decision of the CPC Central Committee on Strengthening Ties of the Party with the Masses (Adopted at the Sixth Plenary Session of the 13th CPC Central Committee on 12 March 1990)" (XINHUA English)

Editorial: "Carry Forward the Patriotic Spirit of the May 4th Youth"

Article by Song Defu: "The League Should Take Care of Its Affairs and Unite the Youth"

Article by Ming Lizhi: "Uphold the Unity of Patriotism and Socialism"

Article by Zheng Zhixiao: "What 'Enlightenment' Can Be Gained from the Tide of Privatization in Western Countries?"

Article by Gu Xiulian: "It Is Necessary to Attach Great Importance to the Development of Agricultural Chemical Industry"

Article by Luo Shugang, Guo Sheng, Wei Qi, and Li Xuyang: "The Fundamental Way to Successfully Run an Enterprise Is To Rely on the Workers—Survey on the Shijiazhuang No. 2 Printing and Dyeing Plant"

Article by Zhang Xiaolin: "Several Theoretical Questions on Correctly Grasping the Relationship Between Spiritual Civilization and Commodity Economy"

Article by Guo Jianing: "A Masterpiece of Systematic and In-Depth Study of Mao Zedong's Philosophical Thinking—Reviewing Volume Six and Volume Seven of 'History of Marxist Philosophy'"

Article by Liu Zheng: "A Thrilling Climb Up the Dayan Tower"

Article by Zhang Yongsheng: "A Precious and Tough Plant of Grass—Reviewing Modern Drama 'Tough Grass in Strong Wind'"

Science & Technology

Testing Completed on Heat-Supplying N-Reactor

OW0105173190 Beijing XINHUA Domestic Service in Chinese 0745 GMT 22 Mar 90

[By reporter Huang Wei (7806 1218) and correspondent Ma Xuquan (7456 2700 3123)]

[Text] Beijing, 22 Mar (XINHUA)—The 5 billion-watt low-temperature heat-supplying nuclear reactor designed and made in China stopped supplying heat today. It has now supplied normal heat for exactly 100 days. This figure indicates that China stands at the forefront internationally in the practical application of technology in the realm of low-temperature nuclear heating.

The use of nuclear energy to supply concentrated heat in urban areas has been a topic of international study for more than a dozen years. Compared with heat obtained from burning coal, nuclear heat has the special features of coal conservation, lower production cost, and no environmental pollution.

The 5 billion-watt low-temperature heat-supplying nuclear reactor designed and built by the Nuclear Energy Technology and Research Institute of Qinghua University is the world's first shell-type low-temperature reactor that has gone into operation with an inherent safety factor. It has adopted an advanced integrated structure of natural cycle. It puts the heat exchanger and the

reactor core together in a pressurized shell as an integrated body, thus improving the safety factor and the reliability of the reactor. For the transmission system of the control rod, the engineers, for the first time, used the theory of hydraulics to raise and lower the rod. Such a device has the merits of a longer life, tighter seal, and lower production cost.

Not long ago, Dr. (Frehl), world-famous expert in the field of nuclear energy in the FRG, sent a message of greeting to China. He said the completion of this 5 billion-watt reactor "is not only an important milestone in the international development of heat-supplying nuclear reactors, but also a milestone in tackling the issue of pollution."

Experts Urge Competition in Space Research

HK0105140890 Hong Kong ZHONGGUO TONGXUN SHE in English 1100 GMT 1 May 90

[Text] Beijing, May 1 (HKCNA)—China should not undervalue the inherent significance of the vigorous competition in space research displayed by the US, the Soviet Union and other Western countries. In fact, whether China will have a place in international aviation and space in the 21st century depends to a large extent on how effectively she can participate in this rivalry. This is the message from experts concerned with the study of space research strategies.

According to these experts, China as a member of the international community should not see the problem as basically only an economic one where she sees herself developing space technology merely to hasten her domestic economic development.

Both the United States and the Soviet Union hold the idea that winning the space race will be crucial to coming out on top politically in the 21st century. It is for this reason that they are both willing to expend vast sums on this field of scientific endeavour.

It is this that makes it unavoidable for those other countries with a certain amount of space know-how—countries such as China, India and Brazil to become likewise involved in this competition. It will be this involvement which will provide the opportunity for the Third World countries to play a role in struggle and allow them to challenge the superpowers.

The experts said that if China fails to match the pace of space development by other countries, it will miss the chance to exploit the strategic developments that will go hand in hand with it. For this reason, the advances being made by others must be capable of being reduplicated by China.

It is not too much to say that the closing-up or widening of the economic and technological gap between China and other developed countries totally depends on how the space sector is developed along with the hi-tech and traditional industries generated from it.

According to the experts, China, when faced with this competition, should, like the other countries, devise her own strategies, fix definite development targets, and from these plan for the necessary needs such as rockets, spacecraft, space shuttles with crews and space stations to bring these targets to reality. Only in this way can China stay in the race.

Astronomy Center Solar Activity Forecast

OW3004063390 Beijing XINHUA in English
0556 GMT 30 Apr 90

[Text] Beijing, April 30 (XINHUA)—The China Astronomical Center under the World Data Center issued a forecast of solar activity for the first two weeks of next month here today:

The monthly average sunspot number is 155; weak disturbances of shortwave radio transmissions are expected from May 1 to May 9, and medium disturbances of shortwave transmissions are expected from May 10 to May 15; a weak solar proton event is expected between May 10 and May 15.

The Beijing Astronomical Observatory discovered two important regions of activity on the sun's surface from April 15 to April 29. The observatory also recorded major solar flares April 15 and April 16.

Researchers Have New Signs of Asteroid Impact

OW0105040890 Beijing XINHUA in English
1401 GMT 26 Apr 90

[Text] Beijing, April 26 (XINHUA)—In a remote area of China scientists have found new evidence supporting the claim that the impact of an asteroid or comet caused mass extinctions of animals and plants 65 million years ago.

A research team led by Professor Ouyang Ziyuan, director of the Geochemical Institute under the Chinese Academy of Sciences, recently came across a layer of soil which contains rich scientific data about such a collision near Lhasa, capital of the Tibet Autonomous Region.

In the clay layer, Professor Ouyang and his colleagues found abnormally high platinum and iridium contents.

"Platinum and iridium are very rare elements on the earth, but they are common in meteorites," he explained.

Ouyang's findings also indicate that a tremendous amount of energy must have been released by the impact of the extraterrestrial object, the diameter of which is believed to have been six km to 10 km.

"The impact must have been very similar to the explosive energy of a hydrogen or atomic bomb," Ouyang noted. A large amount of quartz created by the high pressure and high temperature upon impact, as well as carbon black from forest fires and melted particles, have also been found in the clay layer.

"I imagine that large amounts of dust and debris were thrown up into the atmosphere by the impact. The layer of dust darkened the earth and reflected the sun's heat away from the earth so that the temperature on the earth's surface dropped eight to 15 degrees celsius," he said. "The catastrophe wiped out most living species including dinosaurs from the earth."

Since the first discovery of such a clay layer by American geologist W. Alvarez in 1981, some 60 discoveries of the kind have been made around the world. But this is the first time that scientists have made such a discovery in China.

The exact location of the impact remains a riddle, but Ouyang and other scientists believe that the object from space might have fallen into the sea. Some 65 million years ago, the Qinghai-Tibet plateau was the floor of an ocean.

"We are now looking deeper into the findings," Ouyang remarked. "The more we study them the more convinced we are that an asteroid or comet did smash into the earth so many millions of years ago."

Science-Technology Exhibit Opens in Beijing

OW2604104590 Beijing XINHUA in English
1200 GMT 23 Apr 90

[Text] Beijing, April 23 (XINHUA)—A national exhibition of scientific and technological achievements opened here today.

The week-long exhibition, jointly organized by the State Commission of Science and Technology and the Industrial and Commercial Bank of China, was made possible by loans from the latter.

Over the past five years the bank has lent a total of 6.64 billion yuan to China's scientific institutions and industrial enterprises in support of more than 20,000 research projects.

Statistics concerning the 16,000 projects which have already gone into production show that these scientific items have turned out an extra output value of over 17 billion yuan and earned foreign exchange amounting to 1.8 billion U.S. dollars.

In an inscription he wrote for the exhibition, Premier Li Peng said that finance is a link between economy and science and technology.

Vice-Premier Tian Jiyun and State Councillors Song Jian and Li Guixian presented national awards to outstanding items among the exhibits here today.

Economic & Agricultural

Official Announces Speed-Up of Price Reforms

HK0205020290 Beijing CHINA DAILY in English
2 May 90 p 1

[By staff reporter Li Hong]

[Text] Price reform, the core of China's overall package of reforms launched since the beginning of this decade to enliven the once stagnant economy, is expected "to be accelerated this year," after a slow-down over the past few years, a leading official told CHINA DAILY yesterday.

In 1990, the Chinese Government will make more adjustments to its irrational price system, "by moderately increasing the price of certain commodities while decreasing that of others."

Also, efforts will be made to phase out the "two-tier" price system of some materials and goods—whose low official price and much higher market price have given rise to speculation and profiteering on the domestic market. Steps will be taken to speed up the price reform by gradually minimizing the gap between the two tiers" of such prices, according to Cheng Zhiping, Director of the State Price Administration.

"However, we should keep a close eye on any price rise or inflation while we are enforcing these reforms. The government has pledged to keep the rise of its retail prices for 1990 lower than that of last year," Cheng said in an interview with CHINA DAILY.

This year, the State will moderately increase the price of crude oil in order to prevent the country's petroleum enterprises from getting into the red, the director said.

China raised its rail freight charges last month after announcing a 115 percent rise in its rail, water and air fares last September. According to Cheng, the increases in freight and fare prices have not posed any threat to market stability.

Sticking to its economic structure of both planning and marketing, especially the demand that the current economic rectification needs more planning, China will step up its price management this year, Cheng added.

He said China's price network is in disarray. But from this year the country will launch a major campaign to straighten out the price system of coal, electricity, cotton, farming materials, and medical and education charges.

This year the price index of some important commodities will continue to be mandated by the State, the Director said.

The country will not remove any subsidy on the supply of some staple goods, including rationed grain, edible oil and pork, to its urban dwellers.

Moreover, the State Council has called on large and medium-sized cities to continue their preferential policies on planting and selling vegetables in order to calm sudden market fluctuations.

Official Analyzes Current Economic Situation

HK1504015290 Beijing LIAOWANG in Chinese
No 12, 19 Mar 90 pp 10-13

[Article by staff reporter: "Analysis on the Current Economic Situation—an interview with Zhang Zhongji (4545 6988 1015), spokesman of the State Statistic Bureau"]

[Text] There have been some ups and downs in China's economic situation over the past year. Meanwhile, some phenomena show that the economy is operating in the intended direction of improvement and rectification, while other phenomena show that the economy is facing some new difficulties. Is the mainstream of the entire economic development in China healthy at present? What are the results and prospects of improvement and rectification? To find out about the truth in such complicated economic phenomena involves rather comprehensive analysis. Regarding this, this journal's reporter interviewed Zhang Zhongji, spokesman of the State Statistics Bureau.

Initial Success of Improvement and Rectification

Reporter: Presently, some comrades are full of confidence in improvement and rectification, while others have doubts about the problems surfacing in the change from a confused to an improved economy over the past year. How do you assess China's current economic situation?

Zhang Zhongji: Airing at such problems as an overheated economy, excessive demand, and inflation, the central authorities decided to conduct improvement and rectification in the fourth quarter of 1988. Statistics for 1989 showed that eye-catching results were scored in improvement and rectification, and the several targets set by the central authorities at the beginning of the year were realized to some extent. General social demand was markedly kept under control, effective social supply continued to grow, the contradiction between general social demand, and supply tended to be relaxed, the momentum of price increases was waning with each passing year, the major proportional relationships were somewhat improved, and the entire national economy has turned for the better. Public opinion at home and overseas has also changed with China's economy gradually turning for the better.

Reporter: Can you put it in a more specific way?

Zhang: First, marked results were scored in keeping general social demand under control, with the supply-demand differential rate diminishing in the same year. In demand, the insatiable investment demand was halted. With the beginning of the fourth quarter of 1988,

the State Council decided to make control over investment in fixed assets a breakthrough in cutting back social demand; the premier personally took charge of screening projects under construction and sent 10 work teams headed by cadres at the vice ministerial level to "supervise the campaign" in various localities on four occasions. As a result, 18,000 projects were halted or suspended nationwide. The volume of social investment in fixed assets completed in 1988 was 400 billion yuan, down by 11 percent from the previous year, with a total cutback in terms of 50 billion yuan; with the inflation factor taken into consideration, the actual work volume was cut back by over 20 percent. Moreover, the number of new projects under way was cut back by more than half from the previous year. The central authorities exerted great efforts on this issue, scoring results that were rare in history.

The overheated consumption continuously cooled off. The 1989 wage volume of workers and staff members was 264 billion yuan, up by 14 percent from the previous year, compared with the increase range of the previous year, it dropped by 9.1 percentage points. The "running wild" consumption of social groupings was also "rounded up" by measures of improvement and rectification. Consumer goods sold to social groupings by commercial departments in 1989 came to 69.3 billion yuan, up by only 4.2 percent from the previous year. With the inflation factor considered, the above-mentioned consumption demand actually dropped. At the same time, effective social supply continued to grow. Based on initial calculations, the 1989 CNP was 1,567.7 billion yuan, up by 3.9 percent calculated at comparable prices; in addition to expanded export, the differential rate between supply and demand narrowed from the 16.2 percent in 1988 to around eight percent in 1989.

Money supply also came under effective control, with the inflation momentum waning with each passing month. The volume of banknotes issued in 1989 was 21 billion yuan, which was much lower than the 1988 volume of 40 billion yuan. The general level of retail prices rose by 17.8 percent from the previous year, with a somewhat smaller price rise range. The February inflation range went up by 27.9 percent over the same period in the previous year, then it kept shrinking with each passing month, and in December, the inflation range was only 6.4 percent. The prices of some commodities were stable with some reduction. People changed from "purchasing commodities for value preservation" to "savings deposits for value preservation."

The excessively high industrial growth rate dropped markedly, and the condition by which basic industry fell out of line with the national economy was somewhat improved. Industrial production of energy resources and raw materials increased steadily, and production of products in short supply such as nonferrous metals, caustic soda, chemical fertilizers, and insecticides increased by a wide margin. The proportion between industrial, and agricultural growth rates was readjusted from 5.3:1 to 2.52:1.

In the wake of the "June 4th" incident, some Western countries exercised economic "sanctions" on China, and foreign economic relations were greatly affected for some time. Viewing the whole year, however, a progressive momentum was maintained. According to customs statistics, the 1989 export volume was \$52.5 billion, up by 10.5 percent from the previous year, and the import volume was \$59.1 billion, up by seven percent. With such factors as processing on order, presents without compensation, and imported equipment as investment by foreign businessmen, which did not involve payment in hard currencies considered, the export volume exceeded import volume by \$2.35 billion, with the unfavorable balance cut back by \$430 million.

The above-mentioned conditions showed that the mainstream of national economic development was healthy, and the central principle of improvement and rectification has been correct. It would be wrong if we fail to see these changes, overassess the difficulties, and even be pessimistic and disappointed. Of course, we should also soberly see that the foundation of the above-mentioned changes remains rather weak, and some of the measures are expedient but not radical. For example, in many localities, the inflation range shrank on the strength of administrative intervention and subsidies to a considerable degree, aside from keeping demand under control, with "the finance department spending money to lower price indexes"; should the burden go beyond the finance department, prices would surely rebound. For another example, the operation in value-preserving savings deposits, and the marketing of value-preserving national bonds is only a measure to postpone the realization of purchasing power; moreover, the repayment of principal and interests can be quite a burden in the future. In particular, some basic factors leading to inflation have not been eliminated, and no solution has been found to some deeper problems affecting economic stability, in addition, some new contradictions have surfaced with the deepening of improvement and rectification; when new and old contradictions entwine, they become increasingly difficult to improve. Therefore, we should not overassess the results of improvement and rectification at the previous stage with blind optimism.

Reporter: How do you account for some problems surfacing in the economy such as a weak market, grave overstock of goods, operating under capacity, and growing pressure of unemployment? Are they the negative effects resulting from improvement and rectification as referred to by some people?

Zhang: In our opinion, such phenomena are reasonable, albeit unexpected. In a greater environment characterized by suppressed demand, a cooling-off market is inevitable. With the beginning of the fourth quarter of 1988, the state has implemented an intensive "multi-channel" austerity policy. An estimation shows that demand was cut back in terms of 70 billion yuan in citizens' demand because of funds exhausted in value-preserving savings deposits, value-preserving national bonds, and social fund-raising; investment cutback

involved a demand shrinkage for consumer goods in terms of some 10 billion yuan; and by keeping groupings' consumption under control, a cutback in demand for another 10 billion yuan worth of consumer goods was involved. Put together, the cutback in these three categories accounted for one-tenth of the annual retail sales volume. Moreover, the premature consumption and panic buying of 1988 had also brought consumption stagnation in 1989, with demand volume cut back in terms of 30 billion yuan. At the same time, a consumer mentality surfaced by which people "would rather buy things when they are costlier rather than cheaper" with the improvement of the macroscopic environment, and the joint reaction of these physical and psychological factors led to a weak market. Generally speaking, a relaxation in the supply-demand contradiction is favorable to the consumer and falls in line with the macro-control goal. Of course, a weak market will bring many difficulties to industrial and commercial enterprises, but such difficulties are temporary. Superficially, a stagnant market may seem to have led to the failure in normal operation of social production. Basically speaking, the cause lies in the contradictions at a deeper layer such as the irrational economic structure, and system, and it is also the price that must be paid for the overheated economy a few years ago. Therefore, we cannot view such problems simply as the negative effects of improvement and rectification themselves.

Facing Bottleneck-Tackling, We Have Reasons for Both Anxieties and for Joy

Reporter: Will the problems accompanying a weak market affect further improvement and rectification? What are the prospects for this year's industrial production and marketing?

Zhang: The market has been weak since last summer. Consequently, commercial departments are affected by shortage of funds and have failed to promptly purchase industrial products; at the same time, voluminous industrial circulation funds are stuck with finished products, with normal industrial production affected, and industrial economy is facing severe difficulties.

Presently, contradiction in the industrial structure remains very conspicuous. Although in some aspects, the industrial structure has made a turn for the better since the third quarter of 1989, the imbalance accumulated over the years has not been radically changed. The pattern of a stalemate in capital industry remains pretty much the same, and the resistance met in implementing the industrial policy has been great, while an acute contradiction also exists inside capital industry.

Low economic results of industrial enterprises is not a new problem in China, only it has stood out over the past year because of a radical drop in the industrial growth rate, along with poor enterprise management and marketing. The sudden change in the 1989 market also landed the production and operation of some enterprises in difficulties with unmarketable products and crippled

circulation. Grave debts occurred between enterprises and industrial and commercial units, and some factories are operating under capacity, with unemployment on the rise.

Improvement and rectification have enabled the industrial structure to take a turn for the better. With the drop of the industrial growth rate, and the implementation of various leaning policies since the beginning of the third quarter last year, energy resources and raw material industries, which had long been in stagnation, have gradually picked up or rapidly increased. On the other hand, the changes under way in the economic guiding concept for industrial development among various economic administrative departments and enterprises are favorable. Under the condition of an overheated economy since 1984, an extensive operational pattern took shape characterized by relying on sheer luck to initiate a project (blind initiation without feasibility demonstrations), loans for production and construction, price increases for improving economic results, contracted responsibilities for management, and extensive reproduction to boost production. Through rectification over the past year, the contradictions concealed under a brisk market in the past have been fully revealed and enabled people to see that there is no way out unless they turn their eyes inward to seek survival on reliance of structural readjustment, augmenting management, improving the technological level, as well as product quality. Such changes are pleasing, for they will bring a turning point in the next-phase improvement and rectification, and exert far-reaching effects on China's long-term economic development and enterprise building.

Under the prerequisite of social stability and prices kept under control, the market will gradually warm up in stability this year, and the "phantom" of potential purchasing power is not likely to make a second appearance. Industry will continue to increase at a low rate in the first six months of the year, and it is estimated it will pick up somewhat in the latter half of the year.

Reporter: Contradictions at the superficial layer have been relaxed somewhat through improvement and rectification over the past year; however, will the difficulties be greater than simply repressing demand in finding a solution to the deeper contradictions shaped over the years?

Zhang: That can be true. Suppressing demand last year was only the initial relaxation of the annual supply-demand contradiction, without a solution to problems left over from history. The fact that general social demand far exceeds general social supply in consecutive years did not take shape all of a sudden, nor will it disappear overnight. Structural contradictions remain conspicuous, for example, the dislocation in the proportion between agriculture and industry, the proportion inside industry, and the proportion between transport capacity and economic development have become all the

more conspicuous; thus the tasks for structural readjustment can be rather arduous. With regards to the irrational distribution relations, the leaning toward the individual, and extrabudgetary distributions continues. The proportion of central financial income shrank, while its spending maintained the pattern prior to reform. In the sphere of individual distribution, no solution was found to the leftover egalitarian tendencies among wage-earning workers and staff members, while new egalitarian tendencies have surfaced; in fact, poor economic results are the crux for the difficulties in economic life. The causes leading to economic difficulties are manifold; there are malpractices left over from the old structure, and new contradictions emerging in the course of reform; there are problems in objective conditions, and effects of mistakes in decision-making and operation. Work related to improvement and rectification has changed from the phase of mainly suppressing general volume to the phase of mainly tackling the bottleneck of structural readjustment and improving economic results under the prerequisite of keeping general volume in control.

Our Tit-for-Tat Policy and Selection

Reporter: How should we seize the great opportunity of the current round of improving economic results?

Zhang: We must firmly implement the principle of improvement, rectification, and deepening reform, which principle is the basic way to overcome economic difficulties, to realize the continuous, steady, and harmonious development of the national economy. Starting now, we believe there is a need to focus on the following:

First, it is necessary to unify thinking and action. Whether in controlling demand, or structural readjustment, or in augmenting the capability in macroscopic regulation and control, necessary readjustment in the existing interest pattern is indispensable. Therefore, all localities, departments, and trades should establish the concept of "viewing the whole nation like a game of chess," and start from the whole situation to share the difficulties of the state by subjecting partial interests to the whole, immediate interests to long-term ones, and individual interests to collective ones, and tightening the belt for a few years; in this way, our actions will be genuinely unified on the basis of the spirit of the Fifth Plenary Session of the 13th Central Committee, and a good job will be done in improvement and rectification in harmonious efforts. Attention must be paid in our work to overcoming two tendencies: First, being over-anxious to find a solution to the enterprise's immediate difficulties, and thus blindly relaxing the money supply and giving up general volume control, leading to a new expansion of social demand. Second, being over-anxious to achieve the goal of improvement and rectification, and thus focusing on suppressing general volume by stepping up the gas, which ends in intensifying new contradictions.

Second, it is necessary to take an active part in economic restructuring. One top priority is to augment agriculture in a big way, for "without agriculture, stability is out of the question; without grain means turmoil"; it is imperative to change the stalemate in grain and cotton production. In restructuring, it is necessary to work hard to increase production in energy resources and raw materials and to improve transport capacity. Restructuring should be conducted in accordance with the requirements of the industrial policy in a down-to-earth way by further suppressing general investment, while increasing investment in basic industry, and focusing on agriculture, coal, oil, power and railway building.

Third, it is imperative to combine improvement and rectification with deepening reform. We should pay attention to the continuity and stability of policies, and refrain from rashly negating past reformative measures. At the same time, we should attach importance to the negative effects of some reforms, while we should take an active part in exploring the measures for completing and perfecting reforms and experiments.

Fourth, it is imperative to rectify the market order to augment supervision and administration to keep market price increases strictly under control. Although retail price increase ranges have kept shrinking with each passing month since 1989, the general price level remains high, and the potential price increase pressure can still be great, and any relaxation may lead to another round of inflation and affect the market stability. At the same time, confusion in the market order has not been radically changed, and phenomena of violating the law and discipline remain abundant. Therefore, it is imperative to continue to place rectifying order of the circulation sphere on top priority, while it is necessary to strictly control the authority to grant price increases. In the course of keeping inflation under control, it is necessary to seize the opportunity to actively and appropriately resolve the "double-track" price issue, and to iron out some extremely irrational price relationships.

Finally, it is necessary to combine improving the economic environment with improving the social environment. Leadership at all levels should play an exemplary role in doing a good job in building clean government, improve work style in leadership, augment ideological education, bring forward the spirit of self-reliance, and encourage the fine tradition of plain living and hard work. So long as the whole nation works harmoniously from the top to the grass roots, the goal of improvement and rectification will surely be realized.

Contracted Management System Issues Examined

HK0105110390 Beijing JINGJI GUANLI in Chinese
No 2, 90, pp 33-35

[Article by Yang Yongping (2799 0516 1627), edited by Shen Zhiyu (3088 1807 3342): "Several Policy Questions Concerning the Responsibility System of Contracted Management"]

[Text] Since the beginning of the large-scale implementation of the responsibility system of contracted management in state-run enterprises, people have seen on the one hand its enormous successes, but also found on the other hand many of its insufficiencies and points beyond original anticipation. Facts have shown that we should neither blindly respect nor passively refute the contracted management responsibility system. At the moment, concurrently with affirming the main stream, actively searching for a measure to perfect and develop the contracted management responsibility system is an important piece of work on the part of the theoretical circles and the enterprises and their relevant departments in control.

This article will discuss the author's own views on several policy questions concerning the contracted management responsibility system.

I. Upward Delivery of Profit Should Consist of Two Parts: Fixed Amount and Amount That Varies

At present, the contracting forms adopted by the state-run enterprises mainly include contracted base figures of profit for upward delivery, contracted progressive increases in profits for upward delivery, percentile division of excess receipts, "two guarantees and one linking," and so on. Of these contracting forms, profits for upward delivery are divided into two parts: "One is base figure portion, and the other is the portion of annual progressive increase and percentile division of excess receipts. The former, once fixed, will not change for several years, while the latter calls for a yearly progressive increase. This method of "contracted dead at one end, but loosening the net at the other," ensures the stable increase in the state's financial revenues and at the same time arouses the positivism of the enterprises in making more retentions for more excess receipts, thus promoting the development of the enterprises' production and operations. Its governing principle and direction are no doubt correct, but in actual execution, it is not combined with the enterprises' development and market changes. First, the base figure is generally based on the average profit for the preceding three years. It lacks lateral comparison and overlooks the hidden potentials of the enterprise. Second, certain localities make a general and unified stipulation regarding the rate of the annual progressive increase and this does not manifest the divergencies among the enterprises, and the industries and trades, and furthermore does not reflect market changes. Hence, under conditions of rather large fluctuations in the market and in policies, this sort of "deadly-fixed base figure," and fixed and unchanged progressive increase rate, differ rather greatly from the actual conditions; this leads to unequal treatment between the enterprises and a corresponding reduction in the state's revenues.

The way to solve this problem is to improve the method of fixing the amount of profit for upward delivery and to make it variable and static, flexible and not deadly-fixed. The base figure serving as the fixed quantitative target

should approach, as much as possible, the realities of the enterprise, and the annual progressive increase rate serving as the variable quantitative target must reflect market changes. In fixing the base figure, it is necessary to consider the three factors of history, present reality, and development and, based on such factors as the good or poor conditions of the operational measures provided by the state to the enterprise (including fixed assets, circulation funds, ports, credit, and prestige), the enterprise's burden and stamina for development; the enterprise's average profits for the preceding three years and anticipated benefits of new input of assets; the state's industrial policy; and so forth, to comprehensively fix a figure to remain unchanged for several years. As for the yearly progressive increase rate of profit for upward delivery, it can take as the main basis the average progressive increase rate in profit of enterprises of the same industry or trade, and after making a suitable readjustment in combination with the concrete conditions of the enterprise concerned, we can then determine a fixed increase ratio for upward delivery. By so doing, we can avoid the phenomenon of the enterprise pressing low the increase speed and thus "making some sort of reservations"; and on the other hand, the average increase rate in profit of enterprises in the same industry or trade can comprehensively reflect the market changes. Taking this as the basis and making due readjustment in combination with the enterprise's realities can be acceptable to the majority of enterprises. If an enterprise wishes to obtain an excess amount of profit, then its profit increase rate must exceed the average progressive increase rate of the industry or trade. This is beneficial to encouraging the advanced and downgrading the regressive. The annual progressive increase rate may be fixed once a year or once in two years. This method of combining the fixed amount and variable amount of profit for upward delivery takes care of both the individual and general relations. It replenishes the insufficiency in static base figures, manifests the changes in a changing market, and maintains a corresponding stability in policy, making the interests of the state and the enterprise grow at the same pace.

II. Targets for Checking Should Be Separately Listed From the Contents of the Contracting Agreement

At present, the scope and system of the targets of an enterprise's contracting agreement are very much unstandardized. It appears that the agreement is a "treasure box" into which whatever targets are inserted. In particular, in the contracting period the departments in charge, frequently on the pretext of replenishing and perfecting the contracting, continuously put in the agreement an increase in targets; they make the contents of the agreement on the one hand too numerous and too confusing, and on the other hand, unclear and not at all concrete. The quantitative stipulation is specified in respect to certain major targets such as concerning value-increment of fixed assets, technical progress, and so forth, thus making enterprise development lack systematic control and restriction. Hence, to improve the

contracted management responsibility system, it is necessary to change the present state of the articles of the agreement, which are too numerous, and to differentiate and separate the agreement contents and the targets for checking purposes. The agreement contents should only include several main targets, such as realized profits, upward delivery of profits, value-increment of fixed assets and so on, while other targets may be specified in the agreement appendix or detailed rules for execution. Following this, the enterprise may be rewarded or punished on the basis of the detailed rules for execution. One of the merits of separate listing is to prepare maneuvering ground for minor readjustment under a major stability, since an agreement possesses a certain character of stability and solemnity. It cannot be frequently changed or amended, whereas the possession of detailed regulations for execution may follow the real conditions and make the readjustment accordingly. Besides, at present an enterprise's contracting period is generally of a rather long duration, there are many factors beyond original anticipation, and coordination of the two can replenish each other. Another point of merit is that the benefit targets of the enterprise are emphasized, while the all-around development of the enterprise is cared for at the same time. This is because profits only reflect the economic effect of an enterprise and do not reflect the formation of the enterprise's effect, nor whether or not the enterprise occupies an advanced status among its counterparts in the same industry or trade. Therefore, if inserted in the detailed regulations are provisions concerning targets of per capita labor efficiency, level of expenses, interest and profit rate of circulation funds, average profit and tax rate per person, proportion of questionable commodities in the warehouse, consumption of raw materials, quality of products, high-quality services, and so forth; and if based on the size of the effects on the management results of the enterprise on the part of the various targets, their different coefficients or separate worth are determined, and checking or evaluation of the enterprise is thus carried out, then the enterprise's management results can be comprehensively reflected.

III. The Party Giving Out Contracts Must Be Representative of Owners of Assets

In the state-run enterprise contracted management responsibility system, the party responsible for the granting of the contract is usually the department in charge. But in the course of contract granting, there is a peculiar phenomenon of position-changing. At the start of contract granting, the department in charge is in face to face contact with the enterprise and carries out the discussions of the articles of the contract; but when determining the ratio of the upward delivery of profits, the situation is changed to one in which the enterprise negotiates with the financial departments; the department in charge acts as intermediary and coordinates, but more frequently it sides with the enterprise, generally speaks for the enterprise, and expresses the latter's difficulties. Once the negotiations on the upward

delivery of profits have been settled, the financial department will retire behind the scenes and the department in charge will emerge again, signing the agreement as the party granting the contract. In this case, it is extremely confusing as to who is the representative of the state-owned assets. This phenomenon of position changing, particularly the double status of the department in charge, brings contradictions to rationally fixing the contracted base figure, the rights and obligations of the contract granting party, and its supervision and control over the contracted party. Hence, in perfecting the contracted management responsibility system, the contract granting party must be a specialized state-owned assets management department which should take charge of all the work of contract negotiations, contract signing, and fulfillment of the contractual articles. It must possess definite power and prestige in the contracting. In localities wherein a department of this kind is lacking, the finance, taxation, and department in charge should temporarily jointly form a contract-granting unit and unify the contract granting work.

IV. The Intension of the Contracted Main Body Should Be the Whole Body of the Staff Members and Workers of the Enterprise

At present, many enterprises consider the manager as the contractor. This is an error in the understanding of contracting. According to the provisions of the "provisional regulations governing the responsibility system of contracted management by enterprises under the system of ownership by the whole people," the "contract granting party in the contracted management agreement is the designated relevant department of the people's government, and the contractor party is the enterprise carrying out the contracted management." In this case, the enterprise as the contractor main body is not the symbol of the economic entity but the manifestation of the wishes of the entire body of staff members and workers. Hence, this sort of contracting, regardless of whether or not whole staff risk pledging has been carried out and regardless of whether or not the agreement has been clearly stated, should be considered as a sort of collective contracting, with the whole body of staff members and workers jointly bearing the risks. As for the manager acting as the legal representative of the enterprise and signing the agreement on behalf of the staff members and workers of the enterprise, he is only the principal responsible person, not the contractor; moreover, he is different in quality from the foreman of the contracting. In reality, regardless of the size of the enterprise, the manager does not have the ability to carry out individual contracting, much less individually bearing the risks.

For the same reason, the method of level-by-level contracting inside the enterprise must be rectified. Both in theory and in actual practice this method cannot be defended. First, the enterprise is not the owner of the assets and cannot grant any contracting. Second, the enterprise itself is the contracted main body and cannot contract for itself again. The method of level-by-level

contracting in the enterprise has caused a series of contradictions and confusion in enterprise management, control, and distribution. In particular, in the practice of adding to the task level-by-level, with the task growing increasingly heavy when it reaches the grass-roots level, it often happens that the staff members and workers at the grass-roots level are punished for failure to fulfill the increasingly heavy tasks, whereas certain managers are commended and rewarded for having overfulfilled their tasks. In reality, at all times it is necessary inside the enterprise to set up a good postresponsibility system. It guarantees the enterprise carrying out the tasks assigned by the state, but it should not be confused with the level-by-level contracting.

V. In Distribution Both Differences and Equality Must Be Manifested

The contracted management responsibility system overcomes egalitarianism in distribution, but due to the lack of experience, new injustices in distribution have appeared.

Inside certain enterprises, the great divergence between the income of a portion of the entrepreneurs and that of the staff members and workers is first, which the latter cannot accept. Second is that the amounts of income are not open and the people concerned do not dare, or are unwilling, to submit the distribution program to the staff members' representative congress for discussion. Third is placing entrepreneurs' income from award and encouragement ahead of the posttax profits production development fund, welfare fund, and award and bonus fund, thus artificially raising the status of the entrepreneurs and putting them in a position higher than that of the staff members and workers. These contradictions have directly affected the enterprises' operational activities and development.

In certain enterprises, roughly specifying upon an enterprise having fulfilled the contracted tasks, the entrepreneur can take an award or bonus 100 to 300 percent higher than the income of the staff members and workers, without regard to the size of the enterprise and the large or small contributions it has made to the state. In some small enterprises and companies of the management type, the income of the managers far exceeds the entrepreneurs of large enterprises.

In solving the distribution problem in contracting, aside from clearly specifying that the differences in the distribution of income between the enterprise manager and the staff members and workers cannot be too large and that reward and punishment must be made public so as to facilitate supervision, there are two more points that need improvement: 1) In distribution in the enterprise the position of the enterprise manager and that of the staff members and workers must be one of equality. The enterprise manager bears large responsibilities and his input and outlay of labor services are high, and it is natural that in distribution a gap exists between him and the staff members and workers; but as a member of the

enterprise it follows that his position in distribution should be equal to that of the staff members and workers. There can be only a difference in amount or quantity but there cannot be a difference in degree. The enterprise and not the party granting the contract should decide on the reward or punishment of the work results of the manager, while the sources of the bonus funds cannot be paid with priority from the after-tax profits but must be taken out from the enterprise's award and bonus funds or from the salaries and wages that are linked with the industrial effects. 2) Justice must be manifested in the distribution between the enterprises. Because of such factors as the current lack of regularity in the pricing and taxation structures and the differences in the business measures granted by the state to the enterprises, high or low profits of the enterprises are not wholly connected with the efforts devoted by the enterprise managers and staff members and workers. Hence, distribution cannot be wholly based on large or small profits to manifest reward or punishment; for different enterprises different award and bonus grades should be formulated in accordance with their subjective efforts and objective conditions.

VI. The Existing Contracting Agreement Is Not an Economic Agreement in the Strict Sense

By means of the contractual form, the contracted management responsibility system makes clear the responsibility, power, and interest relationship between the enterprise and the state. However, the existing contracting agreement does not belong to the category of economic agreements specified in the "law of economic agreements." It is a sort of responsibility certificate or power of attorney. The reasons are as follows:

1. An economic agreement poses special demands on the parties concerned. Although a contracted enterprise has the qualification of a legal person, at the time of signing the agreement it does not have independent properties equivalent in amount to the contracted assets to bear the civilian responsibilities. Only after contracting and following acquisition of the use right of the state-owned assets and a portion of the right to dispose of the assets and the benefits, can it sign any economic agreement with other legal persons.

2. An economic agreement is an economic coordinated understanding between the parties concerned. The regulations in the economic agreement concerning rights, obligations, and responsibilities for violation of agreement are all of an economic nature. In concluding the agreement, both parties concerned have a definite economic objective. On the contrary, the purpose of the two parties signing a contracting agreement is not purely of an economic nature. Aside from clarifying the relations between the state and the enterprise in distribution, more importantly, it changes the management mechanism of the enterprise, reinforces its vitality, and improves its benefits. Some of the rights, obligations, and responsibilities held in the event of violation of the agreement are of an economic nature, and some of an

administrative nature. In case of a failure in fulfilling the contracting agreement, the principal responsible persons are liable to receive deductions in their bonuses and remuneration, and if the deficits are serious ones they may be subject to administrative sanctioning.

3. The biggest special feature of an economic agreement is that it calls for compensation at equal value—that is, the party concerned must pay to the opposite party a corresponding price for the property or economic benefit it obtains. In a contracting agreement, the state provides assets to the enterprise, whereas the enterprise delivers profits upward to the state, which is from the rental charges of a property rental agreement. The enterprise cannot at its will dispose of the after-tax profit retention. It must be used according to stipulations of the state. The manager and staff members and workers of an enterprise receive remuneration according to work, and the state metes out awards or punishments according to the condition of the fulfillment of the agreement. There does not exist the problem of one party paying a price to the other party.

4. An economic agreement recognizes commodity and monetary relations and is built on the basis of exchange at equal value of commodities; whereas a contracting agreement acknowledges the operation and management relations and interest distribution relations between the state and the enterprise. These relations are not built up on the principle of exchange at equal value.

5. Relations of complete equality in negotiations exist between the parties concerned in an economic agreement; whereas between the contractor and the contracting-out party there are relations of negotiations at equality and also relations of an administrative nature.

Because the existing contracting agreement is not an agreement of the nature of commodity exchange, but is an agreement of an economic management nature, in reality, speaking from the side of the state, it is a sort of power of attorney, while in respect of the enterprise it is a responsibility certification. Therefore, in our work we should catch hold of these several points: 1) We cannot employ the relevant regulations of the "law of economic agreements" to make harsh demands on the parties concerned in a contracting agreement; for example, we cannot demand the enterprise be solely responsible for profits or losses, because in reality, the true bearers of profits and losses are the state-owned assets; the enterprise cannot be responsible for the profits or losses, and so far as the manager and staff members and workers are concerned, only their income is thereby slightly affected. 2) After an enterprise has become the contractor, the contracting-out party cannot wash its hands and pay no more attention. On the contrary, it must constantly be concerned with the condition of the use of the state-owned assets, and augment its control and supervision over the enterprise.

Article on Readjusting Industrial Structure

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[Article by Li Jingwen (2621 0079 2429) of the Institute of Quantitative Economy and Technical Economy under the Chinese Academy of Social Sciences: "Successfully Readjust the Industrial Structure To Ensure a Sustained, Stable, and Coordinated Development of the National Economy"]

[Text] How are we to understand and successfully readjust the industrial structure? This is a major current question which we must conscientiously study and sum up our experiences in this regard. In his speech at the meeting marking the 40th anniversary of the founding of the PRC, General Secretary Jiang Zemin noted: To ensure a sustained, stable, and coordinated development of the national economy, we must, keeping our long-term modernization strategy in mind and proceeding from our very unreasonable present industrial structure, strengthen our basic industries and readjust the industrial structure. This article will discuss my understanding of this question.

I. The Major Problems in China's Present Industrial Structure

When China initiated the economic restructuring 10 years ago, the country's industrial structure was suffering a serious imbalance. At the time, the major problems were: attaching too much weight to heavy industry and too little weight to light industry, having a very weak agriculture, and having difficulties in meeting the ever-increasing consumer needs. In addition, because all neglected tasks were being undertaken after the 10 years of upheaval and because there was a serious imbalance between the total supply and the total demand caused by the "leap in absorbing foreign things" in 1978, there were huge amounts of financial deficits during the 1979-1980 period, and the inflation in 1980 reached six percent, a figure seldom seen since the founding of the PRC. Under this situation, the party central authorities firmly decided to spend 5 years on readjustment, focusing on readjusting the development ratio between agriculture, light industry, and heavy industry. First of all, reforms were carried out in the rural areas, concrete measures were adopted to give priority to the development of light industry in six fields, the scope of capital construction was curtailed, and the rate of accumulation was lowered to under 30 percent. During the 1981-1983 period, the average growth rates of agriculture, light industry, and heavy industry were eight percent, 10 percent, and six percent, respectively. In particular, the country's agriculture achieved an exceptional growth rate of 12.3 percent in 1984, thus gradually bringing about coordinated proportional relations between agriculture, light industry, and heavy industry. However, the structural readjustment in the deeper levels has not been successfully carried out. Particularly in the past few years, due to the faults within the guiding ideology concerning economic construction and the improper

reform measures, the problems in the industrial structural imbalance have once again become increasingly noticeable. The following are the major problems in this regard.

First, since 1985, on the basis of being blindly optimistic about the agricultural situation, some measures were adopted to weaken agriculture, thus making agriculture suffer from fluctuations for five years. Over the past five years, the average annual industrial production growth rate reached 17.5 percent, the average annual agricultural growth rate was only three percent, and the outputs of grain and cotton registered a small increase or a decrease. Moreover, with the plundering-type management lowering soil fertility and further worsening the ecological environment, the prospects for agricultural development are very grim.

Second, the development of our transport industry has been lagging behind in a serious way, thus failing to suit the needs for developing production and improving living standards. During the 1952-1988 period, industrial growth registered a 55-fold increase, construction industry achieved a 29-fold increase, but transport industry increased by only 1,950 percent. During the same period, the total length of the whole nation's transport networks increased by 770 percent, and the turnover rates of passenger transport and freight transport increased by 2,340 percent and 6,150 percent, respectively. The flexible coefficient concerning China's freight transport (namely the ratio between the growth of rail freight volume and the growth of total industrial value) generally ranges from 0.4 to 0.5 (as compared with the coefficient ranging from 0.5 to 0.8 in developed countries). However, this coefficient figure in 1988 had fallen to 0.14, the lowest level in history. With the speed of transport development lagging far behind the speed of the development of industry, agriculture, and commodity circulation, the contradiction between transport capability and transport volume has been increasingly sharpening.

Third, the industrial production sector's internal structural lack of coordination has become increasingly serious, and the lack of a coordinated development of industries, products, technologies, and enterprises has become a more glaring problem compared to a few years ago. In particular, the shortages of raw and processed materials and energy caused by the excessively quick development of processing industries have placed serious restrictions on the stable development of production and the improvement of economic results. Since 1984, the growth rate of low-level industries has always exceeded the growth rate of basic industries; and following its fast development over the past few years, light industry's growth rate has been two percent higher than heavy industry's. Within heavy industry itself, the processing industries' annual growth rate has been three percent higher than that of the raw and semifinished materials industries. The burden shouldered by the raw and semifinished materials-producing industries in 1988 increased by 30 percent compared with 1978 and

increased by 40 percent compared with 1983, a relatively normal year, thus increasingly expanding the gap between demand and supply and greatly increasing Chinese industrial production's dependence on imports. Eighty percent of the total foreign exchange outlays for imports in recent years were spent on purchasing industrial equipment and raw and semifinished materials. The total volume of imported rolled steel in recent years is equivalent to 40 percent of the rolled steel produced in China during the same period. Moreover, due to the excessively fast development of small rural industries, their proportion in the whole industrial structure has become bigger and bigger, thus bringing about the trend of the whole industrial economy developing extensively.

Fourth, all local industrial structures tend to develop in a similar fashion. In developing their industrial structures, all areas have been seeking to build a complete system within themselves. In other words, they have either sought to build "large and all-inclusive units" or have sought to build "small but all-inclusive units." While raw materials-producing areas have been stepping up the development of their processing industries, coastal areas have been trying in every possible way to develop their energy and raw and semifinished materials industries in order to resolve the shortages of raw materials. The result is that they have not given full play to their strong points but have actually developed their weak points.

This kind of structural imbalance not only has brought about a huge waste of production factors and resources but has also lowered the overall national economic benefits, thus becoming a major contributing factor to inflation and producing adverse effects on both the stable development of the national economy and the stable political situation.

Since the beginning of this year, although the work of regulating and consolidating reforms has achieved some success, the structural contradiction has not been alleviated and some aspects of this contradiction have worsened. This development has increased the urgency and arduousness of the readjustment of our industrial structure.

III. The Principles and Focal Points Regarding the Readjustment of Our Industrial Structure

Changes in the development of the industrial structure result from the comprehensive function of many economic and noneconomic factors. Such factors include technological progress, relevant government policies, investment scale and structure, labor quality and employment structure, as well as the total volume and structure of natural resources. These factors also reflect two aspects in a comprehensive way—namely, supply and demand. The supply aspect refers to various resources' effects on various industries. Such effects include the economic driving force derived from the economic strength that is formed at the earlier stage by human and natural resources as well as productive

capacity. Investment is the concentrated expression of this economic driving force. The effects of the demand aspect refer to various pressures on the industrial structure as created by consumer desires. This kind of pressure comes from the effective demand formed at the earlier and present stages and finds specific expression in the consumption structure's role in guiding the industrial structure. Therefore, in choosing a plan for the readjustment of our industrial structure, we must first consider our investment capacity, proceed from readjusting investment behavior, and respect the consumption structure's guiding role.

In my opinion, China's present readjustment of its industrial structure should follow the following principles: 1) the principle of coordinated development, meaning that the relatively fast development in some areas and industries must be based on an overall balance; 2) the principle of achieving the best results, meaning that on the premise of ensuring an overall coordination, efforts should be made to speed up the development of these industries that can produce the best macroeconomic results and can also make the most rational use of resources; 3) the principle of ensuring the guiding role played by consumption, meaning that the industrial structure must adapt itself to changes in the consumption structure for the purpose of meeting as far as possible the needs of both the domestic and overseas markets; 4) the principle of promoting technological progress, meaning that efforts should be made to establish an industrial structure that is advantageous to the adoption of advanced technologies and also to give priority to the development of those industries that play a key role in raising the overall technological level of our national economy.

In accordance with the above principles, the following should be the focal points of the present readjustment of our industrial structure.

First, the development of agriculture should be truly turned into a basic national policy. Agriculture is the foundation of the national economy. Facts of the 10-year reforms have shown once again that only by ensuring the foundational status of agriculture can we bring about a stable development of industry and of the whole national economy. The development of agriculture depends not only on policy and science but also on a multichannel increase in agricultural input. I think that agricultural investment in the next two years should be increased to account for 10 percent of the total investment volume and that agricultural investment should continue to gradually increase from then on. At the same time, on the premise of correctly grasping the orientation of agricultural development, we should formulate promptly and in line with local conditions those policies and measures that can mobilize the peasants' enthusiasm. In addition, we must implement a new strategy for promoting a coordinated development of agriculture, readjust the prices of agricultural products, and thoroughly eliminate the periodic crises in the shortages of agricultural products.

Second, we should energetically strengthen basic industries. Because China is currently in the transition period of developing from the stage of having enough to eat and wear into the stage of being comparatively well-off, it is of great importance to give priority to the development of production materials and particularly to the development of basic industries such as energy, raw and processed materials, communications, and transportation. As the products of these industries are products of very high capital coefficients, to achieve a relatively great development of these industries will require a fairly high level of investment in fixed assets as well as a fairly high growth rate. It is therefore necessary to implement an inclined policy toward the development of basic industries, meaning that state investments should focus on both extending and building energy and raw material industrial bases and transport lines so as to improve the distribution of productive forces, readjust the transport structure, and establish and develop a comprehensive transport system.

Third, efforts should be made to strengthen education and science and technology and to support the development of new technical industries such as electronics and biological engineering. The crux of the present international competition lies in the competition for human resources and technologies. The general educational and technical quality of Chinese laborers is very low, and the technical level of the great majority of Chinese enterprises is also quite backward. Therefore, the task of strengthening education as well as scientific and technical undertakings cannot be delayed. At the same time, we should make great efforts to develop new technical industries such as electronics and biological engineering, which are not only highly value-added, technology-intensive industries but are also the sector that we can depend on to reform traditional industries through the use of new technologies. Therefore, we should pay close attention to and support the development of new technical industries.

Fourth, we must place restrictions on the development of those processing industries whose excessively rapid expansion in recent years has outstripped the basic industries' ability to take the burden of such processing industries. Through administrative and economic means, some enterprises of such processing industries with backward production and technical levels that produce more than the market can absorb must be made to reduce output, to change the line of production, or to go bankrupt. In particular, we must reorganize and regulate as quickly as possible those medium-sized and small state enterprises as well as those township and town enterprises that not only guzzle energy and raw and processed materials but also produce products of poor quality.

Fifth, with the guiding principle of giving full play to regional strong points, we should restudy and formulate some regional strategic plans for economic development and change the guiding ideology that seeks quick results and all-embracing things. Giving full play to regional

strong points is essentially aimed at using the division of work among regions to improve both regional and national economic results. In accordance with the principle of comparative advantages, every region should focus on developing its own superior industries so as to bring about a comprehensive regional economic development through lateral economic connections between regions and also through international trade.

III. The Policies and Measures for Readjusting the Industrial Structure

Once a national or regional industrial structure is established, it will have a fairly strong rigidity; it will be difficult to readjust an output [chan chu 3934 0427] structure and it will be more difficult to readjust a structure of existing volume [cun liang 1317 6852]. Without a clear aim and effective measures, it will be impossible to truly succeed in readjusting the industrial structure. Because China's economic system is based on the integration of planned economy and market regulation, it is necessary and also possible to adopt a series of direct and indirect regulatory measures to readjust the industrial structure.

First, it is imperative to formulate a scientific plan for industrial development as well as a scientific policy toward industries. Industrial planning is an important component part of the national economic plan; under the system of a highly centralized planned economy, industrial planning is carried out through the implementation of mandatory plans. In addition, under the new system characterized by the integration of planned economy and market regulation, industrial planning can be carried out only through a rational industrial policy. An industrial policy is the sum total of all government policies aimed at either supporting or inhibiting some industries, thus becoming an important macroregulative measure for economic development. Moreover, an industrial policy is the government's coordinative measure to balance the industrial structure with the demand structure and also to balance the structures of imports and exports. Therefore, formulating a rational industrial development plan and a rational industrial policy in accordance with our national conditions and the international economic situation is a matter of very important significance.

Second, it is imperative to promote the rationalization of our industrial structure through the roles played by market mechanism and indirect regulative measures. Regarding those industries that should be strengthened, it is imperative to give them preferential treatment in the fields of tax revenues, loans, prices, and imports and exports for the purpose of guiding the orientation of investment. Regarding those industries that should be inhibited from further development, it is imperative to raise their tax and interest rates and impose restrictions on loans for them.

Third, the key to the readjustment of our industrial structure still lies in deepening reforms. Various present

practices such as the regional system of fixed quotas for revenues and expenditures, the industry-wide system of fixed output quotas, and the system of contracted management responsibility of enterprises have played positive roles in mobilizing enthusiasm in all fields and increasing incomes. However, to fulfill their contracted tasks and to increase their incomes, various areas and enterprises have often ignored the demands made by the industrial policy and gone in for blind development, thus running counter to the rationalization of the industrial structure. Therefore, the further improvement of our industrial structure must be integrated with the deepening of reforms. Only by implementing those supporting reform measures that benefit the rationalization of the industrial structure can we truly fulfill the task of readjusting the industrial structure.

Article Urges Changes in Petroleum Policy

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[Article by An Yupei (1344 6735 1014); edited by responsible editor An Luming (1344 6424 2494): "Thoughts on the Reestablishment of the Investment-Output Benign Cycle of the Petroleum Industry"]

[Text] In the early 1980's, China's petroleum output declined with each passing day as a result of the fact that the development of its major oilfields entered the final stage, and because of the interference of the decade of turmoil, so that the supply of reserve energy sources could not cope with the situation, and the crude oil output of the petroleum industry was declining. At that time, this brought hidden troubles to the national economy, which was undergoing readjustment. In light of the problems in the petroleum industry, the State Council decided to adopt a policy of signing petroleum production contracts in the petroleum industry beginning in 1981.

On the one hand, this policy allowed the petroleum industry to directly use revenue derived from overfulfilled and conserved crude oil for expanded reproduction and to directly link its recently increased output to its expanded reproduction so that the industry could be more independent in coordinating and arranging production. On the other hand, the policy allowed the expanded petroleum industry to have the right of autonomy in the import of technology and equipment financed by self-raised funds, and it encouraged enterprises to use their foreign exchange revenue derived from the export of overfulfilled and conserved crude oil for importing advanced technology and equipment from overseas, thereby quickening the pace of equipment upgrade and technological advances in the industry. Over the past 10 years, departments of the petroleum industry earnestly carried out the policy of signing crude oil production contracts. They scored remarkable achievements in the work, and effectively put an end to the fluctuating situation in crude oil production in the early 1980's. There emerged a situation of continuous

and steady growth in production, thereby promoting the development of the industry.

In the wake of development of the nationwide reform and opening up, there were great changes in the contents, as well as external conditions of the crude oil production contracts: 1) The contracted base level was raised by 2.5 million tons of crude oil per year, and 3.5 million tons of commodity petroleum per year starting from the Seventh Five-Year Plan; 2) the tax rates were sharply increased. Following the substitution of profit delivery by taxes, taxes such as the resources tax, income tax, construction tax, tax on the use of vehicles and vessels, urban maintenance charges, education surcharges, and so on were introduced. Moreover, income derived from the sale of overfulfilled crude oil was also subject to a charge of 15 percent to the energy and transportation fund. There was also an increase in the rates of product tax. Consequently, the tax burden for crude oil production was increased from five yuan per ton in 1981 to more than 27 yuan per ton in 1988. 3) The land use fee increased sharply. According to a rough estimation by relevant departments, the total investment in land made by 17 petroleum enterprises was more than 1,040 million yuan in 1988, an increase of 2.09 times when compared to the 710 million yuan investment in 1986. 4) The amount of raw materials allocated to the petroleum industry by the state became less with each passing year. Compared to the figure in 1981, the percentage of rolled steel so supplied dropped from 85 to 19.6 in 1988, that of timber dropped from 77 to 41, and that of cement dropped from 61 to 21. The price of raw materials on the market rose so sharply that in the case of raw materials available from domestic sources it increased by eight to 10 percent per year on average, and in that of raw materials from overseas it increased by more than 20 percent per year on average. In addition, there was a series of import tax readjustments beginning in 1985. 5) The amount of electricity consumed by production was greatly increased, while the quota of electricity allocated by the state remained at the same level as when the policy was first introduced—that is, 10,400 million kilowatt-hours. Because the amount of electricity consumption had already reached 18 billion kilowatt-hours in 1989, as much as over 2.7 million tons of petroleum was used to meet the demand for electricity. 6) The amount of foreign loans borrowed by the industry increased with each passing year, so that petroleum production was increased in order to repay the principal together with interest thereon. The figure reached 6.13 million tons in 1988 and over 7.2 million tons in 1989.

In contrast with the foregoing increases in expenses, the revenue of the industry plummeted: 1) The international price of petroleum dropped. In 1981, the price of contracted crude oil was \$32 to \$34 per barrel. The price was only \$17 to \$18 in 1988. Although the exchange rate of the dollar rose, the amount of revenue derived from exporting the same quantity of overfulfilled crude oil still dropped sharply. 2) The domestic price of high-quality crude oil dropped. The price of petroleum from Daqing

Oilfield dropped from 644 to 555 yuan per ton, and the price of that of Shengli Oilfield dropped from 532 to 485 yuan per ton. 3) The amount of interest-free funds allocated by the state plummeted following the substitution of allocation of funds by loans. The amount was 2.45 billion yuan (excluding expenses relating to geological business) in 1981 and only 780 million yuan in 1988. A large portion of funds for capital construction was raised from society in the form of compensatory bonds. Moreover, there was no guarantee that the funds could be utilized as scheduled.

The foregoing factors of changes in revenue and expenditure violated the original goal of implementing the policy concerning contracted crude oil production. When strengthening its means of market readjustment, the state failed to take into consideration the characteristics of mandatory planning for the petroleum industry or to promptly adopt any corresponding stop-gap measures. Facing these economic challenges, the industry could not but be forced to tolerate pressure from various areas. Large amounts of funds that were originally intended for exploration and development were diverted to other areas, so that the budding investment-output benign cycle was undermined, and the balance of the industry was once again in the red.

Judging from the current difficulties and problems faced by the industry, the most prominent is the shortage of capital. The state should work out significant measures governing capital investment; otherwise, it will be impossible for us to maintain the present scale of production in the industry, much less any development of it. While stressing its centralized planning of and guidance over the industry, the state should ensure the provision of corresponding external conditions for it, or the industry will be unable to conform to the ever-expanding market mechanism. In view of this situation, it is proposed upon discussions that the readjustment of the policy concerning the petroleum industry be as follows:

1. Further perfect the policy concerning contracted crude oil production.

The policy concerning contracted crude oil production in the industry played an important role in realizing the practice of "producing more petroleum with petroleum" and promoting the development of the industry. It was just because of changes in the situation and conditions that its functions were undermined and gradually weakened to such an extent that it was impossible for us to achieve the expected goals. The point is how do we make the corresponding readjustment and perfection in view of these relative changes? Furthermore, the "dual-track system," which is the basis of our policy of contracted crude oil production, is still functioning and is a significant measure of the state's economic structural reform. Therefore, during the Eighth Five-Year Plan, the state should make certain necessary readjustments of the policy concerning contracted crude oil production in light of the changes in the petroleum industry and its external conditions.

As the depth of old wells has been increased for exploitation, most of the major fields are at the intermediate and final stages of development. Their reserve sources are insufficient, the growth of crude oil production has slowed down, and the amount of work to make up for falling production has been increasing year by year. The state should restore the basic production level of 100 million tons of crude oil and terminate those projects that no longer make effective contributions to the work. At the same time, it should, on an annual basis, increase the oil price from a low level to a high one to offset the amount of investment required to make up for the drop in production. The balance of such price differences will be used as funds for exploring and developing oilfields.

Because the entire petroleum industry sustains losses in petroleum and gas production, petroleum enterprises do not have any capability of loan repayment. Beginning in the Eighth Five-Year Plan, we may consider establishing a construction fund system for the industry. Like the power generation industry, domestic customers should pay a fixed amount of "petroleum construction funds" upon any purchase of one ton of crude oil (or each 1,000 cubic meters of natural gas) in addition to paying in accordance with the prices stipulated by the state. Such funds will be specially used for the construction of the industry. According to the estimation of relevant departments, a charge of 0.05 yuan for each kg of refined oil may offset the state's budgetary investment in the industry. The petroleum construction fund should be exclusively controlled by the head office so that the fund may, upon the payment of charges, be circulated and used by oilfield construction projects approved by competent authorities.

In respect of achievement by the industry of the contracted quantity of materials, electricity, and transport capacity required by crude oil production in the implementation of production, the state should give priority and guarantees to the industry in terms of planning and really make their "guarantees" match the "contracts."

2. Gradually rationalize the pricing system of crude oil and natural gas according to the law of value.

It has become obvious that an excessively low price of crude oil undermines the development of China's national economy. In essence, the current crude oil price is the one subsidized by the state. The more crude oil the production departments produce, the more losses they suffer; whereas the more petroleum a unit consumes, the more subsidies it gains. Because the crude oil price has long been irrational, and has long deviated from its value, the rationality of the composition of industries in the national economy has been adversely affected, thereby magnifying the contradictions between the raw materials industry and the processing industry. Because the petroleum enterprises have suffered losses, and their exploration and development expenses have not been properly reimbursed, the industry has been shrinking over the years. Therefore, it has become an urgent issue that we should readjust the crude oil price.

The guiding ideology for readjusting the crude oil price is, judging from the urgency of the current development of the petroleum industry and the financial tolerance of the state, to switch from the "dual-track system" onto the "single-track system," to gradually rationalize the relations between the price and value of crude oil, to give full play to the role of economic leverage by the crude oil price, to promote a steady development of petroleum exploration, development, and production, and to promote a normal development in the production of downstream products.

The specific readjustment of the crude oil price may be integrated with the move of increasing the oil price under the policy of contracted crude oil production. We may reduce the amount of petroleum offered at a lower price while increasing that of petroleum offered at a high one and complete the switch of the pricing system onto the single-track system in three to five years. At present, we should, in our readjustment of crude oil pricing, first settle the basic needs of crude oil and natural gas for simple reproduction and expanded reproduction and make the price of crude oil and natural gas reflect through readjustment the normal expenses relating to oilfield maintenance and storage. Moreover, depreciation should be calculated according to regulations and in the full amount, and we should allow oilfields to make a certain amount of profit.

3. Further invigorate the continuous strength of development in the industry by acting in accordance with the requirements of both the planned economy and market readjustment.

The petroleum industry is restricted by a high investment requirement, its risky nature, its long production cycle, and the distribution of resources; it is marked by the characteristics of involvement of several regions, development of oilfields in stages, and so forth. It is necessary that the state should stress the centralization of its administration, and strengthen the guidance of planning. Under the circumstances of reform and opening up, however, the state should also ensure that the industry has certain rights of autonomy in operation so as to meet its need for a continuous development of the industry.

Since the State Council decided in 1984 to expand the right of autonomy among enterprises, the state has gradually opened the distribution of several categories of major products to them. It has further clarified that they may sell on their own all their overfulfilled products, as well as a fixed percentage of the products that are subject to planned production. Today, the petroleum industry remains the only one that has not been assigned any portion of its products for sale for its own benefit. All crude oil produced by it is subject to centralized state distribution, so that in its development, it is difficult for the industry to conform to the expanding market mechanism. This has seriously affected the normal operation of oilfield exploration and development. Therefore, we may consider that under the macroeconomic control of

state planning, we may allow head offices to organize their oilfield enterprises to act on their own accord and to directly enter into contracts with their users for the supply and purchase of the overfulfilled crude oil at an increased oil price to make up for the drop in production.

Being a key industry heavily supported by the state, the petroleum industry should stress priorities when making arrangements for its investment. Meanwhile, the state should prevent, through taxation and tax rates, any irrational transfer of petroleum construction funds intended for exploration and development. Because the petroleum industry is a power generation department facing a serious shortage of investment funds, it should be exempted from the levying of tax for the energy and transportation fund. The petroleum exploration and development fund is a special form of investment in the industry by the state. All budgetary projects of oilfield and gas exploration and development should not be regarded as nonbudgetary projects or be levied the tax for the nonbudgetary readjustment fund. In light of the increase in the production of major oilfields, there have been great changes in the abundance of natural resources. Because the industry as a whole suffers losses, and the price of crude oil and natural gas is not yet readjusted, we should exempt it from having the natural resources tax levied against it in accordance with its principle of establishment. Furthermore, we should work out special policies toward the use of land for the purpose of petroleum and gas exploration, development, and production because most oilfields are located in economically undeveloped regions. Cities and counties in which oilfields are located should strictly observe the provisions of the "Measures of the PRC for Land Administration" when formulating their standards of land compensation.

4. Encourage the exploration and development of petroleum on beaches and in shallow waters, in deserts, and in places marked by rich oil deposits and make known the results of petroleum and natural gas exploration. Increase our reserve resources of petroleum and natural gas, and fully utilize the limited supply of petroleum and gas.

At present, beaches and shallow waters along Bohai Bay in eastern China, as well as Tarim Basin in western China, have preliminarily formed a vast, promising, and strategic territory for petroleum exploration for the continual development of the industry. In order to speed up the pace of exploration in the above territory, the state should regard projects of petroleum and natural gas exploration and development in this territory as independent offshore petroleum projects. It should stipulate that such projects may be regarded as projects under the policy for Chinese-foreign petroleum-exploration joint ventures. This means that they can enjoy such preferential terms as selling their crude oil on their own accord; tax reduction and exemption; and import of necessary equipment and materials on their own accord in accordance with state regulations, and so on.

The proportion of condensed petroleum to the proven geological deposits is rather great. In order to meet the needs of national economic development, the state should encourage the development of this kind of petroleum. Moreover, it should build, on an appropriate scale, refineries at oilfields where condensed petroleum is often found, so that the process of production, supply, and sales may be carried out at the same location, and it should stipulate that the enterprises may make arrangements for their domestic and overseas sales.

In order to fully utilize the petroleum and natural gas resources in remote areas, in deposits below the earth's surface, and in low-yield small plots, we should encourage localities to join petroleum enterprises to invest in petroleum development; allow them to enjoy the right to use and dispose of their petroleum and gas products according to their contribution ratio and to sell them on their own accord subject to the price limits set by the regulations of the state.

Policy of Agricultural Fund-Raising Discussed

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[Article by Zhang Zhongfa (1728 1813 3127), of the State Council Agricultural Development Research Center, and Cong Anni (0654 1344 1200) of the Scientific Research Institute of Finance under the Ministry of Finance in November, 1989: "Several Questions Concerning Fund-Raising for China's Agricultural Department"]

[Text] To date, China's basic ideology concerning its agricultural policy toward fund-raising has yet to be straightened out. In particular, it seems that China is weak and languid, or even pessimistic, when it tackles the key issue of increasing the input of agricultural capital. The remote cause for this is that there is neither any indication from the major policies nor a clear theoretical basis covering the input of agricultural capital. We are therefore going to discuss several questions concerning the agricultural policy on fund-raising to clarify the limitations of policies and to provide a basis for finding a scientific solution to agricultural fund-raising.

Accelerated Growth, and Limits of Growth, in Agricultural Fund-Raising

Experiences of foreign countries, and of China, in economic development indicate that there are closely related and positive relations between the growth of agricultural production and circulation capital, and that there has been an accelerated growth in the latter when compared to the former. Generally speaking, the movement of agricultural capital is manifested in a complicated process of economic monetarization, monetary capitalization, and expansion of the scale of fund-raising. This is consistent with the progress of commodity economic development in the rural areas of these countries. Moreover, it is subject to the direction of economic operations in the rural areas, so that there are

highly distinctive features showing different stages, of which the preliminary stage is the one at which the movement of agricultural capital is mainly a release of accumulation. The tendency toward economic monetarization at this stage is relatively obvious because commodity economic development is at the introductory stage. Contrasts in the composition of dualism, which is still at the stage of providing accumulated funds to non-agricultural sectors, are rather prominent. The intermediate stage is the one in which the movement of agricultural capital is mainly an accumulation. The tendency toward economic monetarization at this stage is relatively prominent. This is also the stage at which non-agricultural sectors experience rapid growth, the aggregate amount of social funds increases, and the nonagricultural sectors can not only provide sufficient accumulated funds for its own development but also sufficient financial sources for the transformation from traditional to modern agriculture. The last stage is the one in which the movement of agricultural capital is mainly that of centralization. The commodity economy then reaches a rather developed stage and the scale of fundraising becomes obvious. With an appropriate economic scale the rural areas begin to develop relatively independent industrial departments marked by their capability to centralize funds. They gradually merge with industry and commerce in the urban areas and give play to their roles of being "the first driving force," and the "continuous driving force." It is indicated by the rules of movement of agricultural capital in these countries that only when we master these rules of movement, can we be more effective in finding a theory and strategic basis for the fundraising needed at the various stages of agricultural development.

Over the past 40 years, the growth rate of China's expenditure related to agricultural production has exceeded the average gross agricultural output value growth rate. Moreover, it has shown a tendency toward accelerated and continuous growth. Between 1952 and 1965, the average growth rate of gross agricultural output value was 2.5 percent, whereas the average growth rate of expenditure on agricultural materials was 3.6 percent, or 1.4 times the former. Between 1981 and 1985, the difference increased to 4.1 times. The growth in agricultural capital input per unit area exceeded that of soil productivity. For a laborer, the rate of expenditure relating to materials exceeded his agricultural labor productivity. Furthermore, this showed a tendency of gradual expansion. Such circumstances were first developed because of the inherent characteristics of our agricultural production, that is long-term occupation and lengthy circulation of agricultural capital, so that there was often a difference between production growth and the growth of investment. Second, prices of agricultural products were distorted over a long period. Third, there was an abnormal rise in the prices of the means of production due to recent inflation. Fourth, the law of diminishing returns applied to agricultural land. We must therefore accelerate growth in agricultural capital

input to maintain a rather high level of agricultural production at the present stage.

For this reason, we must continue to maintain a steady and coordinated development of China's national economy, change our investment strategy, and give priority to agricultural policies concerning the factors of production, particularly the factor of capital, which have become "bottleneck" industries. We should be resolute and determined to reduce the amount of investment in processing industries aimed at boosting their output and increase the amount of investment in agriculture and relevant basic facilities. Of course, it is not easy to change the composition of investment whose purpose is to boost output. Over the past 40 years, under the strategy of giving priority to industrial development, China formed a fixed composition of stock giving undue priority to the one side long ago. To a large extent this restricted the direction and composition of investment aimed at boosting output because, once the stock composition was formed, it was often integrated with relevant organizations and structures and developed an irreversible rigidity. This made us unable to stop increasing our investment at a later time. If we do not reform the composition of fixed assets stock in an out-and-out manner, it will be impossible for us to optimize the composition of such investment. At present, the most difficult problem in rectification and consolidation is the internal irrationality of industries. Instead of greatly increasing the amount of investment, and continuing to implement the industrial development strategy which gives priority to expansion, we must solve the contradiction between the shortage of supply and oversupply and the problem of having low yields and high consumption. We must thoroughly rectify, through our medium- and long-term development strategy, the previous practice that "because agriculture is the basis of the national economy, the amount of investment in it is the least; and because grain is the basis of the basis, its price is the lowest."

Of course, we must also realize the constraints on the supply of agricultural goods and materials and the existence of objective limitations regarding quantity on the allocation of the newly increased national income to agriculture. Under certain compositions of industries, the maximization of growth in the value pattern of input amount is determined by a maximized growth in the production amount of agricultural goods and materials. There are proportional relations between the aggregate monetary purchasing power for means of production and the scale of industrial growth relating to agriculture. The distribution of capital will therefore be out of line with the distribution of goods and materials when we break through a rational limit. This will be done at the expense of investments in other industries from the national economy so that our agricultural input will eventually become a fictitious growth through price adjustment. On the other hand our study, and comparison with the experiences of the international community, also shows that we must take into consideration the precondition of

material supply when we make large-scale investment in agriculture. Foreign countries only made large-scale investment when they had laid a material foundation in industries. For example, when the United States began to give great support to agriculture, its per capita GNP exceeded US\$1,000, per capita steel output was 0.57 tons, that of crude oil output was 1.3 tons and the basis of its rubber, and chemical industries had been enhanced. In China, the per capita GNP is less than US\$400, the internal composition of industries is very irrational, and the industrial basis is very weak. Under these circumstances, our agriculture can develop for the time being if we simply allocate a considerable part of our newly increased national income for agricultural accumulation. In the long run however, our industry will shrink and agriculture will lose the basis for long-term development. In terms of capital accumulation therefore, China's present level of industrial development is not yet suitable for making large-scale investment in agriculture. It is also unrealistic to sharply increase the state's input of agricultural capital regardless of our capability. Under the present circumstances where there is strong support for an increase in the input of agricultural capital, to make the input of agricultural capital correspond with the state's capability is an issue that we must study in a sober-minded manner when we determine our distribution policy concerning agricultural capital.

To Define the Functions of the Main Bodies of Agricultural Input

It is necessary for us to correctly define the basic functions of various main bodies of investment in order to keep the supply channels of agricultural capital clear and to ascertain the sources of capital accumulation.

At present, there are five main bodies of agricultural input in China: namely peasants, collectives, banks, the financial sector, and other departments. To define the functions of these main bodies means that we adopt different attitudes, and give different treatment, to each of these main bodies in terms of supplying agricultural capital. This issue is determined by the characteristics of the agricultural economy and its internal capital composition. Agricultural production is both the production of material wealth and the replenishment or restoration of agricultural resources. The composition of agricultural capital input is mainly divided into two parts. The first is the investment in ordinary production and operations and the second is social and protective investment. The former comprises the fixed capital and the working capital necessary for simple reproduction as well as an intensive expanded reproduction in agriculture. The latter of the two is the investment necessary to make extensive expanded reproduction consistent with various production factors and is a macroeconomic and long-term accumulative investment. While the former is promptly recovered on a compensatory basis in accordance with its investment nature, the latter cannot be promptly recovered as it brings about long-term economic results and social benefits [she hui xiao yi 4357

2385 2400 4135]. Therefore, we should mainly take the rules of value as the criteria for the "driving force" to absorb investment in ordinary production and operations; and proceed from the high plane of the state's strategic macroeconomic development to make arrangements through policies for fundraising for social and protective investment.

It is because of this that the status and the capital of these main bodies of agricultural input are marked by different characteristics which manifest themselves as follows: 1) Under practical operations, peasant households can determine their acts of investment only within a limited scope. Their field of vision is narrow and they do not have long-term plans. Moreover, they lack the necessary economic strength and external conditions for them to further develop into a main investment channel. Judging from the financial sources controlled by them, the financial situation of each peasant household is very limited though the aggregate amount is large. The financial sources are not evenly distributed among regions or households. Furthermore, more than 80 percent of the stock owned by peasant households are material objects, mainly houses. What makes it worse is that there is no mortgage market in China and the finance channel is so narrow that the stock has become highly immovable. All this determines that any capital investment made by peasant households is limited to ordinary production and operations. 2) Being a department of the whole society responsible for fundraising, utilization, and readjustment, the banks provide repayable short-term funds. Therefore, the agricultural credit granted by the banks can only satisfy the needs for ordinary production and operations for the time being and the banks cannot bear an excessively heavy burden of loans for agricultural development. Of course, the banks always keep a certain portion of the deposit balance steady while granting the loans. The extent of monetarization in the rural economy has been enhanced in the wake of the structural reform. The financial sources are wealthier than before so that the business scope of the banks has also been expanded from simple reproduction to include expanded reproduction. This makes it possible for banks to undertake part of the investment in expanded reproduction which yields intermediate-term economic results. Moreover they can, in the wake of China's opening up to the outside, obtain long-term low-interest loans from the World Bank and other countries and use these loans to invest in projects harnessing major rivers, ecological engineering projects, soil preservation projects, projects of increasing capital, and so forth which yield long-term economic results. 3) Rural collectives and cooperative economic organizations are both economic entities and perform the functions of organizing and coordinating the rural economic activities. Their financial strength (including profits retained by collectives, that portion of industrial capital used by town and township enterprises to develop agriculture, and other income) can be used to run corresponding small-scale irrigation projects and to purchase some medium and large agricultural

machinery, in addition to self-development. 4) Nonagricultural departments in society also undertake the obligations of giving aid to and supporting agriculture. They may jointly develop agriculture with the rural areas in different forms, such as through the contribution of funds, capital, technology, labor, and so on or through establishment of bases for producing agricultural and sideline products and commodities. 5) Being the functional department responsible for distribution of financial resources, state finance undertakes the important function of providing financial support to the basic industries (including agriculture) and leading industries in the state's economic construction. Therefore, the focal point of investment made by state finance in agriculture is to support those risky, low-yield projects with the purpose of protecting and developing agriculture, or those which play an exemplary role. This includes investment in large-scale agricultural basic facilities, agricultural research, popularization of new agricultural technology, and protection of the ecological environment. These are projects which are difficult for other main bodies of agricultural input to undertake.

Judging from the aforesaid analysis, and in accordance with the common rules applicable to various countries in fundraising for their modern agriculture, we hold that the definition of functions of the main bodies of agricultural input is: that investment in ordinary production and operations of agriculture, and a small quantity of self-raised investment in intensive expanded reproduction, should mainly be undertaken by peasants and local banks in the form of credits; that a part of the small-scale investment in basic development should be undertaken by collectives; that investment in basic local development should mainly be undertaken by local governments; that all social sectors are welcome to give aid to and support some development projects, whereas central finance and the central bank are responsible for macroeconomic readjustment of strategic facilities for agricultural development and the production and supply of basic agricultural products, such as grain, oils, and cotton, at both the national and regional level. Be it a state policy concerning agricultural input, or the establishment of normal channels for accumulation of agricultural capital, or even national legislation, such a definition of the functions of the main bodies of agricultural input is significant.

Trend in Principles Regarding the State's Distribution Policy Concerning Agricultural Capital

Participation in the distribution of agricultural income by the state is mainly realized by way of purchase prices for agricultural products (mainly grain, cotton, and oils), investment capital which supports agricultural development, and the collection of taxes in the rural areas. These methods play a positive role in increasing the investment in agriculture. However, it is very important in making macroeconomic decisions on what is the most effective method, or in what pattern they should be combined, for a certain period. In order to make the state's distribution policy concerning agricultural capital favorable to a

stable increase in agricultural input, we must seriously analyze the differences among the mechanism and environment of these methods, to determine the trend in principles regarding the state's future distribution policies concerning agricultural capital.

On the pricing policy, the direct result of increasing (or decreasing) the purchase price of agricultural products is, under the system of unified purchase or contracted purchase, to increase (or decrease) the total value of agricultural income. The amount of increase equals the product of multiplying the purchase volume and the amount of price increase (for analysis sake, let us assume that the cost of agricultural products is a constant). When it is reflected among the actual operating units this means an increase in the sales revenue received by production and sales units of agricultural products. In terms of increasing agricultural input, such an increase in the sales revenue is far from enough, though it is an important factor in boosting the enthusiasm of peasant households in production. It is also subject to the method of agricultural production and operations and the objective environment (mainly the environment of policies) which limits the acts of the main body of operations. This is because part of the agricultural income increased by way of a price rise has by then been changed into the income of the operating and sales units. Therefore, the increased agricultural input is also correspondingly changed into an expenditure of the operating and sales units. Under the conditions of unified operations by collectives, the proportion of the newly increased sales revenue designated for agricultural use is determined by policies of primary and secondary distributions in the collective economy. To a very large extent, the latter is restricted by the rules and regulations formulated by governments at various levels, such as regulations governing the specific proportion of public accumulation. Under the conditions of household operations, any increase in the purchase price is directly manifested as an increase in the income of households because households are the independent accounting units. Furthermore, because of the integration of production and consumption activities by households, how a household decides to spend the newly increased income, on consumption or on production—and, if such income is to be spent on production, how it will be spent on agriculture or on nonagricultural sectors—is determined by the operation and consumption behavior of the peasant households. The most important factors are: 1) predictions of future income to be obtained and the present and future levels of consumption by the peasant households; and 2) income derived from agricultural production, and the comparison of such income to the possible income derived from nonagricultural production, that is the so-called opportunity cost. The former is a very complicated issue. As for the latter, the peasant households may increase the agricultural input only when the income derived from agriculture—in particular the production of grain, cotton, and oils—is about the same as, or not less than, the income derived from nonagricultural sectors. Obviously, this is determined by

the price level and parity price of the agricultural products, and the result of readjustment of income derived from nonagricultural trades.

The foregoing discussion is made on the precondition that the cost of agricultural products is stable (constant). In fact, the cost of agricultural products is always changing. The prices of agricultural means of production directly affect the cost of agricultural products, thereby directly affecting the economic results of the peasant's agricultural production and the comparative interests. Eventually, this adversely affects the peasant households in making decisions on increasing agricultural input.

By analyzing the mechanism of price leverage we come to the conclusion that an increase in the purchase price of agricultural products is an effective means of mobilizing the initiative of peasants in agricultural production. At the same time, this makes it possible for peasants to increase their agricultural input. In order to turn such a possibility into reality, there must be coordinated policies and measures concerning various aspects of investment, even though the peasant households can make more investment in agriculture. In particular, there must be policies and measures concerning the relations of parity prices, the balance of incomes derived from various trades, improvement and price control of agricultural production means, and so on.

In the process of redistribution of national income, fiscal expenditure relating to giving support to agriculture is a net income of agriculture. This plays a plain and direct role in the mechanism of increasing the agricultural input. To a certain extent, to increase the fiscal expenditure relating to agriculture (such as investment in basic agricultural construction, expenses relating to supporting production in the rural areas, and expenses incurred by various units in the agricultural department) indicates an increase in agricultural input. Besides this creates conditions for, and plays a leading role in, increasing the agricultural input which is more important. As for investment in the basic agricultural construction, an increase in capital construction projects such as reservoirs creates conditions for collectives and peasant households to make input in the areas of reclamation of wasteland and the repair and building of relevant small-scale facilities. If we formulate policies governing the investment proportions of certain projects, we can also organize collectives and peasant households to invest their capital or labor in the form of project construction. The increase in expenses incurred by units of the agricultural department helps them improve the services of various agricultural institutions, such as agricultural research, and the popularization of technology. This provides preconditions for improving the economic results of agricultural production. Therefore, an increase in the fiscal expenditure relating to agriculture may provide a sound basis and technological conditions for agricultural production; may reduce the risks of agricultural production and operations; and may improve the economic results of agriculture, thereby encouraging the peasant households to invest more capital in agriculture.

In the process of distribution, the collection of taxes in the rural areas is a net outflow of rural area income. The variety of taxes, and the tax rates, directly determines the amount of outflow. Under certain circumstances, the greater the outflow of income in the form of taxes, the lesser is the income earned by the rural production and operating units. It is a development of one side at the expense of the other, which determines that the amount of taxes influences, in the process of primary and secondary distributions, the quantity and proportion of the income earned by the rural areas for rural expanded reproduction. Of course, it also influences the quantity and proportion of such income for agricultural input. To increase the total amount of taxes will reduce the amount of income available to small production units. However, an increase in taxes on the rural areas will increase the total fiscal revenue so that, in the course of redistribution, the situation may be made good by increasing the fiscal expenditure relating to the work of giving support to agriculture. To reduce or stabilize the total amount of taxes will increase the amount of income available to production units, thereby making it possible for them to increase their amount of agricultural input. In order to turn such a possibility into reality, we must rely on policies that restrict the main bodies of agricultural production and operations to use the newly increased income only for agricultural purposes.

A more important role of taxation in the rural areas is to readjust the income level of different trades, and that of different types of operating units, to create conditions for various production and operating units to increase their agricultural input. In the past, China's taxation in the rural areas was mainly the agricultural tax. This was a simple form of taxation. In the wake of changes in the structure of the rural economy following reforms, there emerged in the rural areas a taxation system which takes agricultural tax, tax on special agricultural and forestry products, tax on the use of arable land, and tax on rural industry and commerce as the major contents. The roles of taxation were given full play and there was readjustment of excessively high income earners in the secondary and tertiary industries in the rural areas. Therefore, when the income of agricultural producers was about the same as that earned by rural laborers in secondary and tertiary industries, we mobilized the initiative of the peasant households in increasing their agricultural input so that the flow of capital to agriculture was increased. At the same time, we prevented the secondary and tertiary industries in the rural areas from overheating or developing in an abnormal direction. Therefore, it is of great importance in stabilizing the macroeconomics and rationalizing the national economy as a whole.

Proceeding from the foregoing analysis on increasing the purchase price of agricultural products, on fiscal expenditure relating to the work of giving support to agriculture, and on the influence of increasing the rural taxes on the mechanism of increasing the agricultural input, we can see that pricing, such fiscal expenditure, and the rural taxation play a certain role in terms of increasing

the agricultural input, though their extent of functions, and their conditions, are not the same. For example, compared to the method of increasing the fiscal expenditure relating to the work of giving support to agriculture, the method of increasing the purchase price of agricultural products requires us to formulate policies and measures for further development. Hence, they are not interchangeable. This is because any increase in the input caused by the increase in the purchase price becomes an act of investment by the production and operating units, such as the peasant households; and their investment can also be done only in the scope corresponding the economic scale run by the peasant households or the rural collectives. Similarly, any increase in the fiscal expenditure relating to agricultural financing is directly used to build relatively large-scale projects which thus solve problems for households, villages, and even a whole city or province. When finding a solution to the shortage of agricultural input we must, under the present circumstances, increase the direct fiscal expenditure relating to giving support to agriculture while increasing the purchasing price of agricultural products to mobilize the initiative of the peasants in production. At the same time, we must give play to the role of taxation leverage in readjusting the incomes of various rural trades and in guiding the peasant households to increase their agricultural input. In other words, when determining the distribution policies concerning agricultural income we must comprehensively utilize the pricing, taxation, and investment levers to produce a coordinated effect. Our miscalculation in our recent distribution policies concerning China's national income is that while we sharply increased the purchase price of agricultural products, we failed to vigorously and effectively readjust the excessively high level of income derived from rural trades other than the production of grain, cotton, and oils; on the other hand, we reduced the fiscal expenditure related to supporting agriculture. In particular, we reduced the expenses related to basic agricultural construction so that the basic agricultural facilities were not replaced or replenished on time and that there was not enough reserve strength for agricultural development. Therefore, judging from the long-term interests of the whole country, and in order to achieve a coordinated development of the overall situation of the national economy, we should adopt for a certain period the following principles regarding the distribution policies concerning agricultural income: We should gradually increase the purchase price of agricultural products; formulate an overall plan for rural taxation to balance the interests of various trades in the rural areas; and increase financial support to agriculture.

To Establish China's Operating Mechanism for Fund-Raising in Rural Areas

The target mode of operation that we are pursuing is the one in which various main bodies of investment—peasant households, district organizations, banks, governments at various levels, the state—act unanimously. In other words, they act within their respective scope of

obligations and increase, in due course, their input of agricultural capital in accordance with the development of the national economy and the plans of the trades to gradually improve the agricultural output capacity and establish a financial operating mechanism that conforms to China's national situation. However, this cannot be done immediately. We can only make a long-term plan. At present, we must adopt a series of measures to gradually improve the actions of various main bodies of investment because our agricultural input is excessively low, and the acts of such main bodies greatly deviate from their goals. We must encourage them to enthusiastically increase their agricultural input to pave a smooth way for the objective of realizing the establishment of China's operating mechanism for fundraising in rural areas. At present, we can select the following policies and measures.

1) We should implement China's principle of maintaining a continuous, stable, and coordinated development of its national economy; earnestly readjust the development speed of industry and agriculture and the proportions of industry and agriculture in the national economy; and implement policies that give appropriate priority to agriculture. We should, acting in line with the rules of industrial development, appropriately reduce the investment in industry; readjust the composition of industry capital stock; reduce the industrial growth that does not yield any effective results to make room, in terms of capital and other factors, for the agricultural development so that the industry-agriculture structure will gradually become coordinated; and strive to achieve an annual industrial growth rate of nine to 13 percent and an annual agricultural growth rate of three to five percent so that the ratio of development will be about 3:1. Therefore, we should act in accordance with China's conditions and gradually reduce the industry-agriculture investment ratio at about 4:1. This requires that we must first guarantee that there is a relatively steady increase in the total fiscal expenditure to increase the fiscal amount for increasing the fiscal expenditure relating to the work of giving support to agriculture. When utilizing capital from the central finance for supporting agriculture and making investment in basic agricultural facilities, we should gradually give priority to areas producing grain, cotton, and oils, and give priority to central and western China. Local financial authorities must also adopt corresponding steps to give priority to these areas. At the same time they must ensure that there is a rational growth rate in the scale of investment credit in the rural areas and rectify step by step the credit policies that excessively emphasize urban industries. They must take the transitional step of "supporting agriculture with agriculture under the protection of the state" in the form of agricultural finance and gradually establish a new order for agricultural financial input. The rural financial department must constantly readjust the composition of credits; rectify the tendency toward nonagricultural departments and toward profit-making; and strive to gradually increase the proportion of agricultural credit in the whole structure of credits in the rural areas. Second,

we must restructure the relations between industry and agriculture and those between urban areas and rural areas. At present, the most important one is that while we abolish the urban system of providing food on a welfare basis, we should gradually increase the price of agricultural and sideline products to strengthen the mentality and initiative of the peasant households in selling and producing grain, cotton, and oils. Of course, when we increase the price of agricultural and sideline products, we must take into consideration the capability of residents, and the financial capability of the state. In case the state cannot undertake the whole project we can follow the principle of it being jointly undertaken by the state, enterprises, and residents on a reasonable basis. Third, we must establish laws on investment in agriculture to safeguard the stability and continuity of agricultural investment. At present, the macroeconomic contradiction concerning agricultural investment is that there is a shortage of total investment funds but, on the other hand, the stability of investment is so poor that there is no effective inherent mechanism to check the excessively shrinking amount of investment. In order to put an end to this situation and to the non-standardized operations of the investment mechanism, we must promptly establish and perfect the laws and regulations governing investment in agriculture and overcome, through legislative means, the shortsighted and disorderly investment acts by governments at all levels to ensure that agricultural investment grows in the wake of economic development and so that there are relatively stable and continuous policies concerning agricultural investment.

2) We must raise funds through various channels for agricultural development. Taking the fiscal capital of the state as guidance, credit finance as the pillar, and funds raised by community organizations and peasant households as the basis, we should establish a multilevel, multichannel, and diversified fundraising mechanism and system that takes foreign investment and the capital of lateral economic combines as a supplementary source of capital. For this reason, we must first establish an agricultural funding system supported by the fiscal and financial departments. It is necessary that the state must be responsible for providing the capital required for macroeconomic investment in agriculture, and more importantly, give guidance to localities and the peasant households concerning, and readjusting, their investment to make such investment conform to the development pattern of the national economy as a whole. In order to develop more financial sources we can withhold the sales revenue of industrial enterprises and that of other enterprises as an additional source of agricultural development funds. As for the agricultural financial fund, we can base on the original agricultural credit finance, issue bonds for agricultural construction, and open a new financing channel by urging all national banks to reserve annually a certain portion of their newly increased savings deposits as funds for a mandatory purchase of the bonds. Second, we must optimize the acts of the governments at various levels and boost their accumulative functions in respect of the main bodies of

investment. Our past reforms of the financial structure acted one-sidedly and excessively emphasized the initiative of the provincial authorities, so that "regional separatists" developed and the structure of "dualism" was strengthened. We can rectify this by implementing a system of "taking an alternative role while the central authorities play the principal part" in order to help readjust the distribution of national income by central finance. This also helps the redistribution of agriculture, helps financial authorities at county level make good the shortage of macroeconomic agricultural input by central finance, and prevents the regional separatism from forming by investing in and controlling the agricultural development in the light of the local situation. Third, we must gradually establish a new system of accumulation and investment that takes the peasant households as the main body. From now on, we should clarify the relations of land ownership, stabilize the contract system, and constantly optimize the arrangement of factors of production. By upholding the principle that there is no change in the public ownership, the contract system, and the compensatory transfer of land use rights, we should include land into the market of factors of production and allow the market to arrange and readjust the production factors. Through legislation and measures governing the use of land we should gradually expand the economic scale. Fourth, we must encourage the urban and rural residents and various social departments to turn their consumption funds into capital for agricultural development. We can consider taking the following approaches: issuing stocks and bonds; readjusting the interest rates for borrowing and saving; and developing business of cooperative insurance; and so on.

Disease-Resistant Wheat Strain Developed

OW2904172690 Beijing XINHUA in English
1331 GMT 29 Apr 90

[Text] Beijing, April 29 (XINHUA)—China has developed the world's first wheat strain resistant to wheat scab.

Wheat scab, known as "the cancer of wheat," spreads rapidly. Affected grain is poisonous to humans and animals. The disease threatens 6.6 million hectares of spring wheat in China, causing reduced yields and even completely destroying crops.

The new strain, T-400, was developed by the Chinese Academy of Agricultural Sciences, the South China Agricultural University and the Fujian Provincial Academy of Agricultural Sciences.

T-400 was developed from a wheat plant with a peculiar male-sterile gene found in Taigu County, Shanxi Province in 1972.

The 26 hectares of T-400 planted in three counties in Guangdong Province in 1989 yielded 3,600-4,200 kilograms per hectare, an increase of 13.3-55.7 percent over common varieties grown on similar land.

Scientists have also developed strains resistant to other diseases using the Taigu strain.

East Region

Fujian Governor on Opening to Outside World

OW2604045190 Beijing XINHUA in English
1443 GMT 23 Apr 90

[Text] Fuzhou, April 23 (XINHUA)—Fujian Province in southeastern China will further open to the outside world and run its special economic zone, economic development zones, free-trade zones, and zones specially for investment by businessmen from Taiwan as efficiently as possible, according to Governor Wang Zhaoguo.

Addressing the current Third Session of the Seventh Fujian Provincial People's Congress, Governor Wang stressed that efforts should be made to speed up the construction of basic facilities and the drawing up of laws and decrees on overseas investment so as to ensure that the construction of foreign-funded and Taiwan-funded projects, particularly those involving high technology, will proceed smoothly.

He urged Fuzhou and other cities open to the outside world to speed up the pace of absorbing funds from foreign countries and Taiwan.

He said the Fuzhou Economic and Technological Development Zone should speed up the import of new technologies, do a good job of constructing its technology development zone, and make extra efforts to expand the zone for investment by businessmen from Taiwan.

Han Peixin Attends Jiangsu People's Congress

OW0205093690 Nanjing Jiangsu Provincial Service
in Mandarin 0915 GMT 17 Apr 90

[Text] The 14th meeting of the Standing Committee of the seventh provincial People's Congress opened today in Nanjing. At the plenary meeting in the morning, guidelines of the Sixth Plenary Session of the 13th CPC Central Committee, the second enlarged plenary meeting of the eighth provincial CPC committee, and the third meeting of the Seventh National People's Congress were transmitted.

According to the adopted agenda, the participants at this meeting will examine and approve the 1989 Jiangsu financial accounts and the 1990 Jiangsu budget; examine the Jiangsu Regulations on the Work of Security Protection in Enterprises and Institutions, the Jiangsu Regulations on the Management of Coastal Areas; approve the Regulations of Nanjing City's Implementation of the Law on Gatherings, Parades, and Demonstrations of the People's Republic of China, the Regulations of Wuxi City on the Management of Gatherings, Parades, and Demonstrations; and hear and examine the provincial government's report on cracking down on the six vices, on the implementation of the standardization law, and on the implementation of the mineral resources law.

Chairman Han Peixin presided over and spoke at today's plenary meeting. He said: The participants at this meeting should earnestly study and implement the guidelines of the Sixth Plenary Session of the 13th CPC Central Committee and the third meeting of the Seventh National People's Congress. In accordance with the guidelines of the Sixth Plenary Session of the 13th CPC Central Committee and the third meeting of the Seventh National People's Congress, they should examine the agenda of this meeting. The decision of the CPC Central Committee adopted at the Sixth Plenary Session of the 13th CPC Central Committee on strengthening the party's ties with the masses is a Marxist document of utmost importance. This is another major decision adopted by the CPC Central Committee with a view to restoring and carrying forward the fine tradition of the party and to comprehensively strengthening party building. This decision is also an important measure of the party to realize the major task and goal in the new historic period. Lately, the CPC Central Committee has repeatedly stressed that stability is the top priority in all tasks. Political, economic, and social stability, in a word, hangs on the stability among the masses and on the stability of the public mood. To manage well the masses' sentiment and to stabilize the public mood, we must earnestly implement the decision of the CPC Central Committee and deepen the party's and government's relations with the masses. The local People's Congress and its Standing Committee, should, in proceeding from the nature of their work and their special characteristics, adopt concrete measures; further strengthen close ties with the masses and with deputies of the People's Congress; strive to increase channels of contact with the masses and deputies of the People's Congress; understand the needs of the masses; and listen to the opinions of the masses so that they can better represent the people and accept the supervision of the people.

Li Zhizhong, Xing Bai, Li Qingkui, Zhang Yaohua, Tang Nianci, vice chairmen of the Standing Committee of the provincial People's Congress, attended the meeting. Gao Dezheng, vice governor; responsible members of the provincial People's Higher Court; members of relevant departments from the provincial people's government; and responsible people of standing committees of People's Congresses from 11 provinces and municipalities, attended the meeting as observers.

Fu Kuiqing Discusses Stability Measures in Jiangsu

OW2604110190 Nanjing XINHUA RIBAO in Chinese
8 Apr p 1

[By reporters Liu Donggen (0491 2839 2704) and Zhang Yulong (1728 3768 7893)]

[Text] On the afternoon of 7 April, the Nanjing Military Region held a meeting to disseminate the guideline laid down by the Third Session of the Seventh National People's Congress.

Attending the meeting were Du Ping, member of the Central Advisory Commission; Standing Committee

Member Fu Kuiqing and members Zhan Danan and Hong Jiade of the Seventh National People's Congress; and leading comrades of the Nanjing Military Region Wang Chengbin, Shi Yuxiao, and Zhang Ming.

At the meeting, Political Commissar Fu Kuiqing of the Nanjing Military Region gave a brief account of the recent NPC session and gave an introduction on its features. He then talked about the following three points:

1. We must correctly understand the political and economic situation in China, and further strengthen our confidence in improving the economic environment and rectifying economic order.
2. We must always keep in mind what happened in the past and fully understand the significance in safeguarding the nation and maintaining social stability.
3. We must clearly define the guiding principle and task for this year and strive to bring about a steady economic and social development in the country.

Fu Kuiqing pointed out: Everyone must foster the thinking of giving top priority to maintaining stability and realize that stability conforms with the basic interests of all the people in the country. It is essential to understand that our Army is the people's Army under the leadership of the Communist Party of China and that it shoulders the sacred mission of strengthening national defense, resisting aggression, and safeguarding the motherland and people's efforts for peace as entrusted it by the Constitution. Under the present situation, we must fully realize the real danger of "peaceful evolution," which the hostile forces at home and abroad have tried to bring about in our country, maintain vigilance at all times, and bring into play the role of the Army as the pillar for the people's democratic dictatorship. We must ensure the party's absolute leadership over the Army, carry out all our work well in the Army and guarantee that all troops are politically qualified forever.

Wang Chengbin, deputy commander of the Nanjing Military Region, made arrangements on how the PLA units in the military region will disseminate and implement the guideline laid down by the Third Session of the Seventh National People's Congress, and drew up various requirements in this connection.

Jiangxi CPC Secretary Attends Labor Day Rally

HK0205023090 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 28 Apr 90

[Text] This morning, the Jiangxi Provincial Federation of Trade Unions held a rally in Nanchang to celebrate the "1 May International Labor Day."

The rally was attended by a total of more than 2,000 model workers as well as representatives of a number of advanced units in Jiangxi.

Provincial party and government leaders, including Mao Zhiyong, secretary of the Jiangxi Provincial CPC Committee; Wu Guanzheng, deputy secretary of the Jiangxi Provincial CPC Committee and concurrently governor of Jiangxi Province; Liu Fangren, deputy secretary of the Jiangxi Provincial CPC Committee; Jiang Zhuping, executive vice governor of Jiangxi Province; Xu Qin, chairman of the Standing Committee of the Jiangxi Provincial People's Congress; Zhao Zengyi, chairman of the Jiangxi Provincial CPC Advisory Committee; Wu Ping, chairman of the Jiangxi Provincial Chinese People's Political Consultative Conference Committee; Cheng Andong, mayor of Nanchang City; and others, attended the rally and extended warm regards and holiday greetings to all the staff and workers in Jiangxi.

Comrade Liu Fangren delivered a speech at the rally.

In his speech, Comrade Liu Fangren said that the working class and the broad masses of the laboring people are the main force in building the socialist modernization. Over the past year, the broad masses of the staff and workers in Jiangxi have achieved marked results in improving the economic environment, rectifying the economic order, deepening the reform, and furthering the campaign of "Double Increase, Double Economy" and the socialist labor emulation drive and have thereby ensured a sustained, steady, and coordinated development of Jiangxi's economy. When turmoil and the counterrevolutionary rebellion broke out in Beijing between the spring and summer last year, the broad masses of the staff and workers in Jiangxi resolutely implemented a series of important instructions and decisions made by the CPC Central Committee and the State Council, adopted a clear-cut stand, stood fast at their respective posts, and continued their productions under the leadership of the CPC committees and people's governments at all levels, thus making important contributions to maintaining stability in Jiangxi and overall stability in China. As a result, a large number of model workers and advanced people have emerged on all fronts of Jiangxi. A total of 633 people of all walks of life in Jiangxi have been named as provincial model workers while 69 people have been named as national model workers. Recently, Comrade Huang Qihou and other 26 comrades have been given the prestigious "1 May Labor Medal" by the state.

Comrade Liu Fangren pointed out that since the Fourth Plenary Session of the 13th CPC Central Committee, the CPC Central Committee headed by Comrade Jiang Zemin has repeatedly stressed the necessity of relying on the working class heart and soul. This shows that the CPC Central Committee has placed full trust and high hopes on the working class. The broad masses of the staff and workers in Jiangxi must continue to develop the fine traditions of the working class, act as masters of their enterprises, share weal and woe with the whole nation in the course of the campaign aimed at improving the economic environment, rectifying the economic order, and deepening the reform, overcome difficulties, and win new victories in Jiangxi's construction and reform.

The broad masses of the staff and workers must exert their utmost to safeguard national and social stability, orient all their work to maintaining overall stability in Jiangxi, and safeguard the fine political situation of stability and unity in Jiangxi.

Comrade Liu Fangren pointed out that the CPC committees and people's governments at all levels in Jiangxi must implement to the letter the spirit of the Sixth Plenary Session of the 13th CPC Central Committee and the spirit of the 10th Plenary Session of the Eighth Jiangxi Provincial CPC Committee, strengthen the flesh-and-blood relationship between the CPC and the people, adhere to the principle of trusting and relying on the masses, adhere to the CPC's mass line of "from the people, to the people," frequently send cadres to the grass-roots level, show more concern for the livelihood and production of the broad masses of the staff and workers, safeguard the legitimate political and economic rights and interests of the broad masses of the staff and workers, serve the broad masses of the staff and workers heart and soul, and continue to strengthen the organizational building of the contingent of staff and workers. They must also strive to improve the ideological, political, scientific, technological, and cultural qualities of the broad masses of staff and workers, and enable the broad masses of staff and workers in Jiangxi to fully realize the important position and role of the working class in the socialist modernization building so as to enable them to act as masters of their enterprises, strengthen their own sense of historical mission, more consciously adhere to the four cardinal principles and the policies of reform and opening up to the outside world, and become people with ideals, moral integrity, cultural accomplishments, and sense of discipline.

Activities of Shandong's Jiang Chunyun Reported

Attends Report Meeting

SK0205073090 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 26 Apr 90

[Text] On the afternoon of 26 April, the Shandong Provincial CPC Committee sponsored the second report meeting on the theories of inheriting and developing the party fine tradition.

During the report meeting, Su Yiran, member of the Central Advisory Commission, delivered a theoretical report entitled "Proceeding from the People's Interests in Doing Everything Represents the Foundation of the Party's Victories". In his report, Comrade Su Yiran, in line with his personal revolutionary experience, cited a host of facts to describe the development and maturation of the party in struggles against its enemies. He stated: Fundamental reasons why the CPC has grown up, become strong, and won victories in the revolution are consistently putting the people's interests first; formulating the correct line, principles, and policies; and receiving the support of the vast number of people. Another important reason why the CPC has enjoyed the

support and love of personages in various social circles and at all levels is the role of party members as vanguards and models. It is because these party members have been bold, heroic, and determined in the struggles against the enemies; have taken the lead in launching attacks; have had awe-inspiring righteousness and would have rather died than surrender while being brought to the enemies' execution grounds; have sacrificed themselves or faced the danger fearlessly in protecting the people and their comrades; have borne hardships and withstood hard work in facing difficulties; and have feared no difficulty and danger and have been so devoted to public service as to forget their own interests. They have always regarded the people's interests as their working purpose, served the people wholeheartedly, and always shared a common fate with the masses so that the broad masses of workers and peasants, the revolutionary youths of nonworkers and nonpeasants, all patriotic personages, and even personages at or above the medium level of the hostile camps have clearly discerned that only the CPC can save China and the corruptive and dictatorial Koumingtang government will certainly fail. At present, we should inherit and develop the party's fine tradition and unswervingly conduct education on launching struggle against corruption so as to enable every party member to follow the same road traversed by our martyrs and elderly comrades of never being divorced from the masses. Only by so doing can we overcome all difficulties along our road to advancement and certainly realize the target of building China into a strong modernized socialist country.

Ma Zhongchen, deputy secretary of the provincial party committee, presided over the theoretical report meeting on the afternoon of 26 April. Attending the report meeting were leading comrades, including Jiang Chunyun, secretary of the provincial party committee; Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province; Li Zichao, chairman of the provincial Chinese People's Political Consultative Conference Committee; and cadres at the or above the section level from the provincial level organs—more than 700 persons in total.

Attends May Day Soiree

SK0205075690 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 28 Apr 90

[text] On the evening of 28 April, the provincial and Jinan city trade union councils jointly sponsored a literary and art soiree in the Shandong theater of Jinan City to warmly celebrate the 1 May international labor day.

Attending the soiree were Yang Chengwu, former vice chairman of the National Chinese People's Political Consultative Conference Committee; (Hua Nan), former deputy director of the PLA General Political Department; leading comrades from the provincial level organs, including Jiang Chunyun, Ma Zhongchen, Zhao Zhihao, Li Zhen, Lu Maozeng, Tan Qilong, Su Yiran, Li Farong,

Gao Changli, Li Chunting, He Guoqiang, Ma Zhongcai, Wang Runzhai, Lu Hong, Lin Ping, Yan Qingqing, Li Yue, Song Fatang, Xu Wenyuan, Zheng Weimin, and Yang Da; and veteran comrades of the province, including Zhao Lin, Gao Keting, Qin Hezhen, and Wang Zhongyin.

Prior to the soiree, Zhang Renqi, vice chairman of the provincial trade union council, delivered a speech in which he first extended festive greetings and cordial regards to the broad masses of staff members and workers, model laborers, advanced workers, trade union cadres, retired staff members and workers, and the family members of staff members and workers on various fronts across the province. In his speech, Zhang Renqi stated that the 1 May international labor day represents a festive day in which the working class across the world is uniting as one in fighting for the liberation of themselves and humanity. The best act undertaken by the province's working class at present, in memory of the 1 May international labor day, is to bring into full play the spirit of being masters of their own affairs and the fine tradition; to heighten the spirit to enhance the courage and confidence in overcoming difficulties; to learn from Lei Feng and Iron Man; and to actively plunge into the province's socialist labor emulation drive at present, which is with the central task of contending through learning from each other to win a prize in the seven production items; and to fight a decisive battle in the second quarter to lay a good foundation for realizing the overall plan of industrial production and to ensure the fulfillment of the first-half plan at the end of June.

Visits Workers

SK0205041690 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 1 May 90

[Excerpts] On the morning of 1 May, in spite of the rain, leading comrades of the provincial and the Jinan City party and government organizations visited and saluted, in three groups, workers and staff members standing fast at their posts in the forefront on the holiday; and extended festive greetings to them and to the vast number of the province's workers and staff members through them.

At 1000 that morning, in spite of the rain, Jiang Chunyun, He Guoqiang, and Li Chunting went to the Jinan Iron and Steel Plant. They shook hands with workers and staff members standing fast at their posts, and wished them a happy holiday.

(Ma Jingcai), director of the Jinan Iron and Steel Plant, announced: In light of the sluggish market and the serious fund shortage, our plant has adopted corresponding measures. This year, we will strive to win the (?seventh victory) by producing 200,000 tons of steel.

On hearing this, Jiang Chunyun happily said: The working class is full of vigor indeed. During the past year, the Jinan Iron and Steel Plant lead other large and medium-sized enterprises of the province in building of

material and spiritual civilizations. I hope that in the first year of the 1990's, you will still take the lead, and become a vanguard on the road of advance.

Then, Jiang Chunyun and his entourage went to the workers' canteen to visit working personnel, and cordially talk with some workers who were having a meal there.

At the Jinan Oil Refinery, Ma Zhongchen, Song Fatang, and other leaders of the province and Jinan City inspected workshops, dormitories, and workers' canteens one after another. [passage omitted]

At 0900 that morning, Zhao Zhihao, Miao Fenglin, and Zhai Yongbo travelled to the No. 9 transport team of the Jinan City Supply and Marketing Company near the (Qingnian) Park to cordially talk with some model workers and advanced figures. [passage omitted]

Shandong County-Township Elections Completed

SK2404004690 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 18 Apr 90

[Excerpts] The work of electing deputies to the People's Congresses at county and township levels throughout the province was successfully completed recently. The province's electorate elected 37,694 deputies at the county level and 172,254 deputies at the township level. The overwhelming majority of counties and townships across the province have, to date, convened the first session of their People's Congress of newly elected deputies. [passage omitted]

According to statistics, there were more than 48 million voters across the province during the direct election for end-of-term deputies to the People's Congresses at county and township levels. The voting rate in the election reached 93.92 percent. According to the briefing given by the leading concerned personnel of the provincial electoral work committee, the three characteristics of newly-elected deputies at the county level are as follows: 1) Their composition is reasonable. The number of deputies of workers and peasants who come from the production forefront has increased and accounts for 61 percent of the total. The number of women deputies accounts for 22.3 percent of the total and there is also an adequate number of deputies for the intellectuals, non-party people, and minority nationalities. All of this has better reflected our state system and the extensiveness and representation of people's deputies. 2) Their cultural standard is higher than that of former deputies and middle-aged and young deputies account for the overwhelming majority of the total. 3) Their capability of discussing political and government affairs is stronger than that of former deputies. Thus, the election's outcome has laid a solid foundation for improving or perfecting the system of the People's Congress and performing the function of local organs of power in line with the law.

Shandong Revolutionary Committee Holds Session

SK2404035290 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 19 Apr 90

[Text] The second plenary session of the seventh Shandong Provincial Committee of the Chinese Revolutionary Committee of the Kuomintang [KMT] was held in Jinan from 17 to 19 April. With the guidelines of the sixth plenary session of the 13th CPC Central Committee as the guide, the session conscientiously studied the CPC Central Committee's opinions on persisting in and improving the system of multiparty cooperation and political consultation under the CPC leadership, relayed the guidelines of the second plenary session of the seventh Central Committee of the Chinese Revolutionary Committee of the KMT, discussed the work report of the Shandong Provincial Committee of the Chinese Revolutionary Committee of the KMT, and studied and arranged the work for 1990.

The session called on all members of the Chinese Revolutionary Committee of the KMT to clearly understand the situation, unify their thinking, enhance confidence, raise spirits, strive to open up a new situation in the work of the Chinese Revolutionary Committee of the KMT in Shandong in the nineties, and make new contributions to stabilizing the situation, developing the economy, and accomplishing the great cause of the reunification of the motherland.

Foreign NGO's Support Shandong Province Projects

HK2604020690 Beijing CHINA DAILY in English
26 Apr 90 p 3

[By staff writer Zhang Ping]

[Text] Jinan—International non-governmental organizations (NGOs) have been supporting programmes to help the poor in the Yimeng Mountain region, Shandong Province.

Shandong took the lead in China in gaining the support of NGOs with the help of the China International Centre for Economic and Technical Exchanges, the coordinator of NGO activities in China, said Li Kuilin who is in charge of the effort in Shandong.

"Since 1987, eight NGOs, including Adra International, World Vision International, the Catholic Relief Agency, have investigated three impoverished counties in the Yimeng Mountain region and provided aid to co-operative projects," Li said.

To date, 29 NGO-funded projects backed by 14.1 million yuan (\$3 million) have started operation in Yimeng, most of them in water supply, forest and fruit plantation, animal husbandry and technical training projects.

Only five years ago, China began receiving support from NGOs, the non-governmental and non-profit organizations aimed at helping developing countries with funds raised in their home communities.

Many NGO-supported projects in China have already yielded desirable economic and social results, said Du Yuxin, head of the China International Centre for Economic and Technical Exchanges' NGO section.

"Through co-operation with NGOs which have several dozen years' experience in poverty relief, many grass-roots units have gained experience in management and efficiency," she said.

Du said that poor farmers have benefited directly from these projects in terms of increased income and local economic development.

She said that NGOs' activities in China focus poverty relief.

The Yimeng Mountain region, located in the central southern part of Shandong, is one of the country's poorest areas due to difficult natural conditions, low productivity and inadequate education facilities.

Where water supply problems became very serious, four NGO-aided projects were implemented in Linqu, Mengyin and Yishui counties to meet the most urgent demand.

In 1988, a West Germany NGO invested 300,000 yuan (\$64,000) to help farmers in the villages of Ligu and Baita to dig motor-pumped wells to alleviate the water shortage for 628 local families and 1,770 animals.

Meanwhile, NGOs organized technical training projects such as knitting and handicrafts as well as the training on medical and health knowledge.

In order to improve the NGO project efficiency, China's first training class on NGO project management was organized three years ago and project management personnel from 12 impoverished counties attended the training course.

Shandong 1990 Economic Development Plan

SK2304013390 Jinan DAZHONG RIBAO in Chinese
8 Mar 90 pp 2,3

["Excerpts" of report on the Shandong provincial draft plan for 1990 national economic and social development, delivered by Wang Yuyan, chairman of the provincial Planning Committee, at the third session of the seventh provincial People's Congress]

[Text]

1. Implementation of the 1989 Plan

Through the efforts of all people of the province over the past year, the province basically realized the three major tasks of gradually eliminating the overheated economy, ensuring a noticeably lower price hike when compared to the previous year, and reaping a bumper agricultural harvest, as defined in the 1989 provincial national economic and social development plan that had been approved at the second session of the seventh provincial

People's Congress. The excessively higher industrial growth rate, that continued for several years, was reduced to a fairly reasonable level. The expansion of investment in fixed assets was temporarily brought under control. The increase in consumption funds changed to a normal trend. The increase rate of retail prices was reduced with each passing month. The annual average retail price hikes were reduced by 1.2 percentage points from the previous year. Despite the serious drought, the province reaped better agricultural harvests. Preliminary achievements were made in improving the economic environment and rectifying the economic order. A stable situation was seen in economic development. The overall plan was well implemented. The gross national product and the national income were expected to surpass the planned targets, respectively reaching 119 billion yuan and 105 billion yuan, increasing by 8.1 percent and 7.8 percent over the previous year.

A. Last year, the province suffered an exceptionally serious drought. The governments at various levels mobilized all people of the province to vigorously combat the drought and develop water resources and mobilize all forces to support agricultural production. The total agricultural output value reached 54.83 billion yuan, (the total agricultural output value was 31.39 billion yuan if calculated in terms of constant prices), fulfilling the plan by 98.1 percent and showing an increase of 1.4 percent. The grain output reached 32.5 million tons, fulfilling the annual production plan by 98.5 percent; cotton output reached 1.025 million tons, fulfilling the plan by 85.4 percent; peanut output reached 1.483 million tons, fulfilling the plan by 65.9 percent; meat output reached 1.971 million tons, fulfilling the production plan by 110.4 percent; and the output of aquatic products reached 1.54 million tons, fulfilling the plan by 110 percent. In the course of improving the economic environment and rectifying the economic order, town and township enterprises positively readjusted the production structure, strengthened their capacity of dealing with emergencies, and maintained the continuous development trend. The total output value realized by the rural industries, building and transportation industries, commerce, and the catering trade totaled 95.69 billion yuan, an increase of 33.5 percent.

The investment in agriculture was expected to reach 1.2 billion yuan but actually reached 1.24 billion yuan.

B. The industrial production increased steadily. The total industrial output value reached 191.66 billion yuan, (the total industrial output value was 140.79 billion yuan if calculated in terms of constant prices,) fulfilling the plan by 105.3 percent and showing an increase of 18 percent. The raw coal production reached 56.95 million tons, fulfilling the plan by 101.3 percent; electricity generation volume reached 41.76 billion kwh, fulfilling the plan by 102.6 percent; and the output of rolled steel, soda ash, raw salt, chemical fertilizer, and pesticide surpassed the planned targets. The per capita

labor productivity of state-owned independent-accounting industrial enterprises reached 21,628 yuan, an increase of 3.7 percent; and the sales income of state-owned budgetary industrial enterprises increased by 14.1 percent and the profits and taxes realized by these enterprises increased by 6.9 percent.

New progress was made in transport, postal, and telecommunications undertakings.

C. The total investment in fixed assets reached 30.08 billion yuan, a drop of 6.9 billion yuan from the previous year. Of this, localities invested 21.23 billion yuan, a drop of 5.93 billion yuan or 21 percent. The investment structure was readjusted. Of the total investment in capital construction of state-owned units, the proportion of investment in productive projects rose from 77.2 percent in 1988 to 79 percent; and that in nonproductive projects was reduced from 22.8 percent to 21 percent. The proportion of investment in forestry, agriculture, water conservancy, energy resources, transport, science, education, culture, and public health rose from 52.2 percent to 60 percent; and that in large and medium-sized projects rose from 60.8 percent to 64.6 percent. New projects were strictly controlled. There were 1,102 new capital construction projects during the year, a drop of 691 from the previous year.

D. In foreign trade, we overcame all sorts of unfavorable factors and fulfilled the state plan for creating foreign exchange through exports. The whole province's total purchase of goods for export were valued at 10.1 billion yuan, which was 102.4 percent of the plan, showing an increase of 7.2 percent over the previous year. We created \$3.05 billion in foreign exchange earnings, an increase of 2.4 percent, fulfilling the state plan. Of this, the local export of commodities under contracts reached \$1.92 billion, an increase of 0.1 percent. Of the total export volume, the proportion of finished industrial products, after deducting petroleum, rose from 56 percent from the previous year to 61 percent. During the year, foreign-funded enterprises actually used \$131 million in foreign capital.

E. The financial revenues reached 10.48 billion yuan, which was 107.7 percent of the plan, showing an increase of 15.8 percent over the previous year; the financial expenditures (including special funds from the central authorities) reached 11.87 billion yuan, an increase of 16.8 percent, showing a balance between revenues and expenditures during the year, with a small surplus. Various savings deposits in banks at the end of the year reached 54.27 billion yuan, an increase of 8.67 billion yuan over the beginning of the year. The total urban and rural savings deposits reached 42.92 billion yuan, an increase of 10.1 billion yuan, or 30.8 percent over the beginning of the year. Various bank loans totaled 77.45 billion yuan, an increase of 10.4 billion yuan over the beginning of the year. We allocated extra loans to support in particular the purchases of agricultural and sideline products and export commodities and to support large and medium-sized enterprises.

F. The excessively high consumer demands were brought under control. The total wages of workers of the whole province reached 13.95 billion yuan, an increase of 11.5 percent over the previous year, the increase was slowed down by 21 percentage point from the previous year. The phenomena of arbitrarily issuing bonuses and material goods slightly declined. The average per-capita net income of peasants reached 630.6 yuan, an increase of 8 percent. The urban and rural markets were stable and the supply of commodities was ample.

G. Science and technology and education were further strengthened. Last year the whole province made 1,957 important scientific and technological achievements, and popularized and applied more than 50 major scientific and technological achievements. Provincial-level units invested 240 million yuan of funds in science and technology. All sorts of education at all levels were further developed. The total number of students of ordinary higher educational schools reached 104,000, an increase of more than 2,600 persons. The number of students of all kinds of secondary vocational schools reached 459,000, an increase of 75,000 persons. Through years of effort, more than 90 percent of buildings of primary and middle schools in the rural areas were innovated and their teaching conditions greatly improved. All localities firmly grasped family planning work. The whole province's total population at the end of the year was 81.597 million, and the natural population growth rate was 11.18 per thousand, a decline of 0.32 per thousand point from the previous year. Certain progress was achieved in other social undertakings.

There were still many difficulties and problems in our province's economic and social development. The main problems were that the contradictions in the uneven supply and demands and in structure accumulated during the past years had not been fundamentally solved, the social economic results were not good, and new contradictions and problems emerged again in the course of solving the original problems. First, last year we failed to fulfill the grain, cotton, and oil-bearing crop production plans, bringing great difficulties to the arrangements for the people's livelihood, organizing light and textile industrial production, and increasing exports. The serious water shortage in particular directly endangered not only this year's summer grain production, but also seriously affected urban industry and the people's livelihood. Second, market sales were not brisk, funds were in short supply, many products turned out by enterprises could not find a good market, and raw materials could not be brought in. All these factors caused enterprises to run under capacity or even to be in a state of fully or partly stopping their operations. Third, the difficulties in using foreign capital and increasing foreign exchange through exports were great and the flexibility of drawing support from international markets to support economic readjustment was restricted. The increase in foreign export trade was slow and the foreign exchange resources were decentralized, making us difficult to balance the revenues and expenditures. Fourth, the readjustment of

the industrial structure was confronted with heavy tasks and grave difficulties. Worse still, construction of some key projects defined by the Seventh Five-Year Plan could not but be postponed due to the scattered financial resources in society and the shortage of construction funds. Fifth, there was heavy pressure on labor employment. Some enterprises which were operating under capacity witnessed a surplus in the labor force, the newly emerged labor force in urban areas demanded prompt employment, and the unemployment rate went up, leading to a social problem which cannot be neglected. The above-mentioned problems demand conscientious solution in the process of implementing the 1990 plan.

2. Guiding Ideology and Major Objectives of the 1990 Plan

In line with the guidelines of the Fifth Plenary Session of the 13th CPC Central Committee and the third and the fourth plenary sessions of the fifth provincial party committee, in formulating the 1990 plan, we should comprehensively implement the principles of improving the economic environment, rectifying the economic order, and deepening reform; should push the national economy onto an orbit of sustained, stable, and coordinated development; should make a solid stride towards the goal of economic rectification defined by the CPC Central Committee and the provincial party committee; and should strive to fulfill the two major tasks known as continuously stabilizing the overall situation and developing the economy in a harmonious manner. According to the principles of guaranteeing some projects while restricting some others and initiating some necessary projects while postponing some unnecessary ones, we should take full advantage of the opportunity of economic rectification to positively readjust the industrial structure, accelerate technological progress, increase economic efficiency, and concentrate our energy on really guaranteeing agriculture, the basic industry, large and medium-sized key enterprises, and key construction projects. At the same time, we should make overall plans with due consideration for all concerned, look to the future and the past, pay attention to the balance and coordination of the plan, and strive to fulfill the various tasks defined by the Seventh Five-Year Plan so as to lay a good foundation for the Eighth Five-Year Plan. The major objectives defined by the draft 1990 plan are as follows:

First, maintaining a stable economic growth, and striving to increase effective supply. The 1990 plan projects a 7-percent increase in the gross national product over 1989, a 6.5-percent increase in the national income, a 3-percent increase in the total agricultural output value, a 10-percent increase in the total industrial output value, and a 7-percent increase in financial revenues.

Second, strictly controlling the scale of investment and various expenditures. The scale of investment in local fixed assets throughout society is projected at 18.14 billion yuan at the beginning of 1990, equal to the level

of 1989 plan. Except for a few items of expenditures which must be guaranteed, the expenditures of the provincial-level departments must be curbed by 10 percent, and those of various cities and prefectures must be curbed by 5 percent. The purchases of institutions should be lower than the level of 1989.

Third, striving to expand export and increase foreign exchange revenues. This year, the province plans to earn \$3.2 billion in foreign exchange through export, registering an actual increase of 5 percent over last year.

Fourth, making the market stable, and putting the level of market prices under control. The total volume of retail sales of commodities in society is planned at 61 billion yuan, a 13-percent increase over 1989; and the increase margin of retail sales prices will be controlled within 14 percent.

Fifth, strengthening management of plans, improving regulation and control of macroeconomy, and striving to make a new progress in building a system of macroeconomic regulation and control which is in conformity with the principle of combining planned economy with market regulation.

3. Various Tasks of the 1990 Plan

A. We should vigorously promote agriculture, and further invigorate the rural economy. The key to readjusting economic structure lies in vigorous development of agriculture. Only after a breakthrough is made in agriculture can other trades thrive. The priorities of the 1990 plan for agriculture are still to ensure an increase in output of grain, cotton, and edible oil and an increase in output of meat, eggs, and vegetables. It is demanded that this year the total grain output reach 33 million tons, 500,000 tons more than 1989; cotton, 1.2 million tons, 175,000 tons more than 1989; and peanuts, 2 million tons, 517,000 tons more than 1989. In the production of grain, cotton, and edible oil, we should pay attention to ensuring growing acreage, beginning sowing in good time, strengthening field management, ensuring supply of goods and materials, and ensuring procurement, so that we can guarantee the implementation of the 1990 plan. At the same time, a new headway should be made in animal husbandry, the aquatic industry, the forest and fruit industry, and the rural sideline production. We plan to adopt the following measures to strengthen agriculture:

First, we will continue to increase agricultural input. Funds invested by various quarters in agriculture is expected to reach 1.5 billion yuan, an increase of about 300 million yuan over last year. In addition, 1.08 billion yuan used to support agriculture and in various agricultural undertakings will be allocated from our financial expenditure, showing an increase of 5.8 percent. Foreign exchange used in the importation of agriculture-oriented materials will be 10 percent more than last year.

Second, we will launch large-scale activities to combat drought and harness rivers. Areas along the Huang He

should continue to divert more water from the Huang He to irrigate farmland, and other areas should adopt necessary engineering measures to develop all the water resources that can be developed and store all the water that can be stored. The project to divert Huang He water to supply the localities suffering serious water shortage will be started. Supply of water to Zibo, Jinan, and Weifang Cities, and supply of water to Heze, Jining, and other localities for agricultural irrigation purpose will be phased in, the emergency project of water supply to Yantai City will be stepped up, and continuous efforts will be made to solve the problems of water supply to people and animals in localities suffering water shortage. Meanwhile, we should greatly strengthen water conservation, popularize water-conserving irrigation techniques in agriculture, and raise the recycling rate of the water used in industrial production. We should increase the investment in water conservancy works through various channels and at various levels. We should also mobilize the masses of peasants to develop the spirit of pioneering a cause through self-reliance and hard struggle, increase labor accumulation, and carry out large-scale farmland water conservancy projects.

Third, we will greatly promote agricultural development. The focuses are to transform low- and medium-yielding farmland, to increase the output of grain, cotton, and oil-bearing crops, and to accelerate the development of forestry and livestock breeding in mountainous and beach areas. According to the arrangements of the plan, in this year's investment in agricultural development, 320 million yuan will be used in the plain areas along the Huang He, Huai He, and Hai He, 105 million yuan will be used in impoverished mountainous areas and beach areas along the Huang He, 20 million yuan will be used in the Huang He delta, and 250 million yuan will be the loans from the World Bank for comprehensive agricultural development projects. This year, we will try to begin implementation of Yantai City's comprehensive agricultural development projects and its agricultural irrigation projects which use the World Bank loans. We should manage and use these funds successfully, expedite their circulation, and raise the efficiency in their usage.

Fourth, we will facilitate scientific and technological progress in agriculture. Focusing on increasing the per-unit yields of grain, cotton, and oil-bearing crops, we should particularly carry out well the wide application of 10 technologies. We should continue to establish and improve the various forms of agrotechnical application and service organizations, and further replenish and improve them to enhance their service capacity.

Fifth, we will greatly strengthen the industries in support of agriculture. This year, we should make sure that the 150,000-ton nitrates project of the Jinan Chemical Fertilizer Plant is completed and commissioned, and should step up the 130,000-ton urea renovation project of the Lunan Chemical Fertilizer Plant and the projects concerning transformation of varieties of 16 small chemical fertilizer plants, and strive to obtain state approval at an early date for the construction of the Shandong

Compound Fertilizer Plant. We should make sure that the 1,000-ton timiewei [3199 3319 1218] project (amounting to 20,000 tons of manufactured pesticides) of the Ningyang Pesticide Plant is completed and commissioned, and should transform six pesticide plants according to established priorities, increase our pesticide production capacity by 6,150 tons, allocate 3 million yuan every year to develop new varieties of pesticides, and strive to attain self-sufficiency in the supply of pesticides in two to three years. The provincial government is to decide that beginning this year, 100 million yuan will be allocated from the provincial Financial Department every year to improve the industries in support of agriculture. In the supplies of funds, energy resources, and raw materials, priorities will be given to the production of chemical fertilizer, pesticides, and plastic sheets for farm use. According to arrangements of the plan, the output of chemical fertilizer will increase by 5.5 percent over last year, that of pesticides 5.7 percent, and that of plastic sheets for farm use 33.3 percent. Meanwhile, we should greatly advocate and develop ecological agriculture, apply more organic fertilizer, and widely popularize biological control. To support cotton production, the provincial government will decide to increase the amount of materials to be sold to cotton growers as awards. It will increase the supply of local-produced chemical fertilizer by 10 kg and that of diesel oil by 1.5 kg to cotton growers for every dan of ginned cotton sold. It will link cotton production to the supply of pesticides and, according to the contracted purchasing quotas, distribute cotton growers 0.25 kg of pesticides at government price for every dan of ginned cotton. Pesticide production and management enterprises at various levels are urged to organize production and purchases according to plans, and no unit and individual are allowed to embezzle or misuse the pesticides to be distributed. Those who go against this will be sternly dealt with.

Sixth, cultivated land should realistically be protected. The rural areas should principally use uncultivated land, wasteland, and old residential areas to build houses. Instead of occupying cultivated areas, we should persistently use mountainous and beach areas to develop forest fruit industry and strictly stop occupying cultivated areas to build industrial projects. Localities must implement the land development plan in occupying and using land, and must make sure that they make up for the cultivated land that has been occupied. A total of 365,000 mu of land have been arranged for construction this year; of this, 200,000 mu are cultivated land. Thus, we must not surpass the planned target. Meanwhile, the province plans to develop 400,000 mu of land; of this, 365,000 mu are covered in the mandatory plan; and we must ensure the fulfillment of the plan. The taxes for occupation of cultivated land should principally be used to develop land and straighten out and improve existing cultivated areas. The localities with land to be developed should work out land development tasks according to their actual conditions; and the localities that do not

have land to develop should cooperate with and help those with land in their development.

Seventh, we should positively guide town and township enterprises to make smooth progress. According to the principle of readjustment, consolidation, transformation, and improvement, and in line with our province's actual conditions, we should give different treatments and instructions to different town and township enterprises. It is necessary to continuously support the enterprises engaged in the production of energy resources, raw materials in short supply, export and foreign exchange-earning products, readily marketable products, and products to serve the production of large industrial enterprises; and to conscientiously readjust and consolidate the enterprises with low-quality products, high consumption, poor economic results, and the enterprises that create serious pollution. The total output value realized by town and township enterprises is planned to increase 11.7 percent and surpass 100 billion yuan. In the period of improving the economic environment and rectifying the economic order, we must not establish new town and township enterprises in general but should focus on transforming, conducting cooperation between, and upgrading existing enterprises; and help the existing enterprises lay a good foundation and strive to upgrade their technological level and economic results. All trades and professions and all departments should continue to support the development of town and township enterprises in the spheres of funds, technology, management, information, and skilled persons.

B. We should positively pioneer markets, readjust product mix, and strive to promote a steady development of industrial production. The total industrial output value is planned to increase 10 percent. Of this, the output value realized by the industries at or above the township level is 8 percent. To ensure an increase in revenues, the total output value of the local budgetary state-owned industrial enterprises should increase 8 percent.

First, we should enliven the circulation sphere and expand the scale of sales. Positively pioneering markets and solving the problems of some stocked products are tasks of pressing importance in order to realize a stable increase in industrial production. Commercial and goods supply departments and supply and marketing cooperatives should fully display their key role as a "reservoir," positively purchase readily marketable products, reasonably increase the amounts of goods kept in stock, and expand the sales volume. We should further stabilize and perfect various policy measures for encouraging sales, help enterprises strengthen the ranks of supply and marketing workers, persist in the method of conceding benefits to salesmen and encouraging small profits and quick turnover, and strive to enliven production. We should further pioneer rural markets, positively send industrial products to the countryside, send goods to villages, render services to households, and strive to find a good market.

Second, we should focus industrial production on readjusting the product mix. In line with the state industrial policies and the changes in market demands, all industrial enterprises should positively readjust their product mixes, increase the varieties of products, upgrade the quality of products, and strive to strengthen their existence, competition, and development capacity. The industry of energy resources should put into high gear to positively increase production, and strive to fulfill the planned targets of increasing 3.6 percent of raw coal production and 5.4 percent of electricity generation volume. The industry of raw materials should strive to increase the production of products in short supply; and strive to increase the rolled steel production by 2.5 percent, the production of 10 nonferrous metals by 8.4 percent, and the production of soda ash by 54.8 percent. The light and textile industries should vigorously control and reduce the production of the products in full supply; and develop and increase the production of new readily marketable products. The machinery and electronics industries should control and reduce the production of ordinary machinery products, positively develop the technological equipment in service of basic industries, assimilate new technologies, develop new products, and upgrade the functions of products and the quality of complete sets of equipment.

Third, we should actively support the production of large and medium-sized and key enterprises. In line with the state industrial policy, the provincial authorities have made a list of 750 enterprises and 250 key products and considered them as priorities which we must guarantee, shared the work among all levels, urged each level to guarantee and monitor these enterprises and products, and made all levels to implement the system of responsibility for guaranteeing these priorities. In materials allocation, the provincial authorities should give priority to allocating 100,000 tons of steel products, 1 million tons of coal, 50,000 tons of soda ash, and 100,000 cubic meters of timber to these enterprises. All cities, prefectures, and departments, should concentrate their efforts on guaranteeing the development of these enterprises and products. In the supply of funds, the additional loans serving as industrial working funds should be mainly used for developing these enterprises and products. We should also guarantee their power consumption target. In foreign exchange, technological transformation funds, water supply, and transportation, we should give priority to guaranteeing the needs of these enterprises in these areas and for the production of these products. Large and medium-sized enterprises should foster a sense of responsibility, fully mobilize the socialist enthusiasm of the broad masses of workers, overcome difficulties, do a good job in organizing production, strive to fulfill or overfulfill all planned tasks, and make more contributions to the state.

Fourth, we should accelerate technological progress and strengthen and improve enterprise management. It is necessary to conscientiously arrange for and make good use of the technological transformation funds, use them

mainly for saving energy, water, and raw materials, raise product quality, develop new products, and expand foreign exchange through export and the development of import substitutes. The whole province's local investment in technological transformation arranged at the beginning of this year was 2.81 billion yuan. We should continue to strengthen the basic work concerning enterprise management, further improve management over the fixed quotas, strengthen cost accounting and quality supervision, accelerate the circulation of funds, and firmly grasp the work of helping enterprises end deficits and make profits.

C. We should continue to strictly control the scope of investment in fixed assets, readjust the investment structure, and guarantee the construction of key projects. According to the state plan arranged at the beginning of this year, the scope of investment in our province's local fixed assets in society should be 18.14 billion yuan. Of this, 4.69 billion yuan should be invested in state units, 7.75 billion yuan in collective units, and 5.7 billion yuan in individual units. This year, in the arrangements for the investment in fixed assets, we should concentrate our efforts on guaranteeing the construction of agricultural, energy, communications, and short-supplied raw materials projects, the construction of agricultural water conservancy and urban water supply projects, and the technological transformation projects focusing on saving energy, reducing energy consumption, and raising product quality and economic results. We should cut some general processing industrial projects, projects on production of products in excessive supply, and nonproductive projects, and stop initiating the construction of new office buildings, auditoriums, and hotels. In order to promote coordinated economic development in our province's eastern and western areas, while making arrangements for the project, we should strive to give great emphasis to the western areas in the development of agricultural, agricultural, and sideline products processing, agricultural-oriented industrial, and energy industrial projects.

In the province's budgetary investment, we should give priority to guaranteeing the construction of agricultural, educational, and scientific and technological projects. In other departments' investment, some should maintain their investment at the level of last year and some should cut their investments. The province's capital construction funds should be mainly used for building energy, communications, telecommunications, and raw materials projects. In the power industry, we should strive to put power generators with a total designed capacity of 810,000 kw into production. In the coal industry, we should speed up our efforts to build six coal shafts of the state's unified distribution mines, and 13 local coal shafts. In communications and transportation, we should particularly grasp the construction of the budgetary railway, highway, airport, port, and telecommunications projects. In the raw materials industry, we should particularly grasp some projects under construction including the Jinan Dacron Plant and the Zibo

Acrylic Fibers Plant. In urban construction, we should use the urban maintenance funds and the extra charges from public utilities undertakings mainly for building urban water supply projects and infrastructural facilities. It is necessary to properly control the scope and standards for housing construction. The development of real estate and the building of houses sold as commodities should be included in our plan. We should make efforts to solve the housing problems of primary and middle school teachers, workers of grass-roots service trades, and some households with great housing difficulties.

In environmental protection, in the construction of new projects in the future, we should set aside funds necessary for preventing and treating pollution from the construction investment and persist in "simultaneously attending to treating pollution in three aspects." We should give priority to protecting water resources, step up our efforts to build polluted water disposal projects in the urban areas, and continue to solve the drinking water problems of the masses living along the Xiaoqing He.

D. We should penetratingly launch the campaign of "increasing production, practicing economy, increasing revenues, and reducing expenditures," and should strive to achieve a balance between revenues and expenditures in finance and credit. To overcome the current economic difficulties, to promote economic rectification and in-depth reform, and to ensure the fulfillment of the goal of effecting a 7-percent increase in financial revenues, we must extensively and penetratingly launch the campaign of "increasing production, practicing economy, increasing revenues, and reducing expenditures"; and must make great efforts to improve economic efficiency, lower the consumption of goods and materials, reduce expenditures, eliminate instances of waste, and strictly control the consumption by institutions. The 1990 plan calls for a 3-percent reduction in the comprehensive energy consumption of the national income, and a 4-percent increase in the per-capita labor productivity of industrial enterprises. According to the plan, the profits and taxes realized from each 100 yuan of funds of budgetary enterprises should increase from 22.9 yuan in 1989 to 24 yuan; and the turnover period of floating funds should be shortened by seven days.

In the field of currency credit, we should continue to uphold the principles of "controlling the total amount, readjusting the structure, ensuring the key projects, restricting ordinary projects, carrying out readjustment in a timely manner, and improving efficiency," with the focus on readjusting the credit structure, accelerating turnover of funds, and carrying out readjustment in a timely manner. Guarantee should be given to the funds needed to procure agricultural and sideline products as well as the commodities for foreign trade and export which are covered by the plan. The funds needed by key industries, such as the energy industry, transportation, and the major raw materials industry, and by the key products related to the national economy and people's livelihood should be supplied in a timely manner according to the plan. The funds needed by large and

medium-sized enterprises should be supplied on a priority basis as much as possible. Loans to town and township enterprises should be granted in a reasonable manner, loans to wholesale commercial departments should increase appropriately, and the loans to fixed assets investment should be granted according to the plan. Banks should help enterprises continuously clear up "cross-defaults," reduce the overstocked funds, and improve the efficiency of fund utilization.

E. We should open ourselves still wider to the outside world, and strive to earn more foreign exchange through export. We should strive to expand foreign trade and export, and ensure the fulfillment of the targets of export and foreign exchange earning. Continued efforts should be made to readjust the structure of export commodities and increase the export of finished industrial products, in particular, mechanical and electrical products, intensively processed products, and high-technical products. The 1990 plan calls for a 16.7-percent increase in foreign exchange earned from the export of finished industrial products, and calls for making the proportion of export of finished industrial products account for more than 65 percent of the total export volume. Of this, export of mechanical and electrical products should increase by 20 percent or higher.

We should appropriately manage and utilize the foreign exchange owned by the province. In using foreign exchange, we should keep expenditures within the limits of revenues, restrict the import of non-key products, and ensure the supply of foreign exchange needed by key projects in an effort to strike a balance in revenues and expenditures of foreign exchange.

We should continue to make positive use of foreign exchange. In utilizing foreign exchange, we should place emphasis on attracting direct investment by foreign traders, and should encourage foreign firms to establish new foreign-funded enterprises and appropriately run the existing Sino-foreign joint ventures, cooperative enterprises, and foreign-funded enterprises. We should stabilize policies and continue to improve the investment environment. We should guide foreign firms to make good investment, with the focus of their investment on renovating old enterprises and developing export products. In import of technologies, we should primarily import "software," and restrict the import of non-key technologies. Sino-foreign joint ventures, cooperative enterprises, and foreign-funded enterprises should be given special consideration in the supply of credit, energy resources, and raw materials so that they can operate themselves in a normal manner and can make most of their functions as early as possible.

F. We should put market prices under strict control, make the market stable, and make good arrangements in the people's livelihood. The provincial price control index assigned to lower levels this year should not exceed 14 percent. We should continue to implement the system that leaders assume responsibility for fulfilling price control targets, with the focus on stabilizing the prices of

daily necessities of the people and major means of production and agricultural production and on stabilizing major fees. We should strictly enforce pricing discipline, appropriately centralize the power to examine and approve commodity prices, and strictly control price hikes. We should resolutely rectify the prices of extra-budgetary means of production whose prices have increased excessively and the intermediate added prices on the circulation sphere.

We should continue to stabilize and invigorate urban and rural markets. We should adopt feasible measures to increase the supply of commodities on markets, and should organize market supply well. In the production of foodstuffs such as meat, eggs, and vegetables, planned guidance should be strengthened. Towards some of them, the protective prices should be exercised in order to protect the interests of producers and to prevent an emergence of major fluctuation in production. Towards readily marketable consumer goods of daily use, sensitive commodities on the market, and minor commodities, we should make good arrangements from the planning of production, the supply of raw materials, to the marketing of products. In addition, industrial and commercial departments should cooperate with each other to organize production and supply well.

On the basis that the economy is developed, economic results are improved, and prices are put under control, we should continue to increase the income of urban and rural people, and strive to make sure that the living standards of the majority of people do not drop. We should particularly make good arrangements for the people of disaster-stricken areas, mobilize the forces from various quarters of society to help these people in their activities to provide for themselves through production and their mutual assistance activities, and meet the basic needs in their livelihood.

We should continue the work to help the poor, conscientiously implement the various aid-the-poor policies and measures of the state and the province, and see to it that funds, materials, and electricity set aside to be used to help impoverished areas are guaranteed and not embezzled or misused.

G. We should further develop science and technology, education, and other various social undertakings. We should continue the strategic principle of "developing Shandong through science and education," and facilitate the development of science and technology. According to arrangements of the plan, 500 scientific and technological development projects and 1,200 industrial technological development projects will be undertaken, 2.2 million mu of farmland will be turned into farmland with a per-mu yield of one ton or more, 3 million mu of farmland will be developed according to the "bumper harvest plan," and 273 "spark plan" projects will be carried out. All levels should make conscientious arrangements for investment of funds. In the province's financial expenditure, funds used in the three scientific

and technological purposes, in scientific and technological operations and in scientific and technological capital construction total 218 million yuan, 3.3 percent over last year.

We should continue to attach strategic importance to education, which should be developed on a priority basis. We should truly emphasize elementary education, and adopt various measures, such as increasing school operation funds, stabilizing the contingent of teachers, and consolidating and raising school attendance rate, to make the nine-year compulsory education universal at an earlier date. Regular higher education and secondary specialized education should be developed according to our capacity, the number of students to be enrolled should be brought under control, and emphasis should be placed on adjusting the structure of disciplines and improving the quality of education. This year, schools of higher learning of the province plan to enroll 25,600 students, an increase of 460; and ordinary secondary specialized schools plan to enroll 44,700 students, an increase of 1,700. We should continue to rely on the forces of the various quarters of society to increase educational input, and improve teaching conditions.

Cultural, sports and health undertakings should be developed actively and steadily during the period for economic improvement and rectification.

We should further strengthen family planning, enhance the whole society's sense of population, pay close attention to the basic work at the grass-roots level and the work to transform backward units, and strictly control population growth. The plan demands that the province's natural population growth be kept within 10.5 per 1,000.

H. We should broaden the avenues for employment, and properly place jobless people. Because proper placement of jobless people is a matter concerning social stability and the smooth progress of economic improvement and rectification, we should regard it as an important task, and make meticulous arrangements for it. We should actively adopt measures to broaden the avenues for employment to place more jobless people, and to keep the province's urban unemployment rate below 5 percent. Change of residence status from agricultural to nonagricultural should be brought under strict control. The state's quota of the number of people of our province who can have their agricultural residence changed into nonagricultural residence is 90,000, a decrease of 132,000 people from last year. In line with the requirements of the State Council circular, we should conscientiously screen the existing policies on changing agricultural residence into nonagricultural residence, centralize the power for examining and approving the change, strengthen management according to plan, and resolutely keep within the planned quota the number of people to have their agricultural residence changed into nonagricultural residence.

4. Continue To Deepen Reform, and Strengthen Macroeconomic Regulation and Control

In line with the reform arrangements made at the fifth plenary session of the 13th party Central Committee and the third enlarged plenary session of the fifth provincial party committee, we should deepen and improve the reforms of the planning, investment, material supply, foreign exchange and wage systems while continuing to deepen the rural reform and the enterprise reform, exercise proper and necessary centralism, and strengthen and improve macroeconomic regulation and control to ensure the healthy development of the national economy.

First, we should correctly handle the relationship between planned economy and market regulation. In the course of improving the economic environment and rectifying the economic order, we should place more emphasis on the guidance functions of the plans and pay more attention to their implementation. The scale of existing mandatory plans in the production, construction, and circulation spheres must not be narrowed; and that in some other spheres should appropriately be expanded. The plans assigned by the state and the province should strictly be fulfilled. At the time of strengthening planned management, we should continue to enhance the vitality of microeconomy and bring into play the positive role of market regulation.

Second, we should appropriately concentrate the authorities to examining and approving construction projects and perfecting the investment management system. From this year, we should examine and approve, according to the state-defined examination and approval authorities, new capital construction and technological transformation projects. As administrative departments for comprehensively managing the investment in fixed assets, planning committees at various levels should fully display their functional role and do a good job in the management of investment activities. The investment in fixed assets should be brought into line with the provincial plan. It is necessary to carry out the system of issuing certificates of approval for construction projects. The projects without such certificates must not be developed.

Third, we should strengthen the management of and give planned guidance to the use of foreign capital. All items concerning use of foreign capital, including directly bringing in foreign capital and using foreign loans, should be brought into line with the plans for using foreign capital and for the investment in fixed assets according to the state and provincial economic development strategies and industrial policies. From this year, the planning committees at various levels should especially arrange targets for using foreign capital and ensure the smooth progress of the foreign capital utilization work.

Fourth, we should appropriately concentrate portions of foreign exchange obtained by the localities on repaying debts and developing key projects. From this year, on the premise that the foreign trade system is not changed, the

province should use a portion of foreign exchange obtained by the localities to set up a fund for repaying debts and to make a plan to repay the debts.

Fifth, we should improve the goods and materials management system and enliven, in a well-planned manner, the circulation of goods and materials. We should appropriately increase the proportion of key goods and materials covered in the distribution plan. Enterprises must not reduce the base figures of the goods and materials to be handed over to the higher levels; and those low base figures should be appropriately increased. The natural resources newly added from the energy resources and raw materials projects built with the investment granted by the state and the province should be brought into line with the distribution plan. At the time of strengthening the management of goods and materials, we should continue to enliven the circulation of goods and materials, fully display the functions of capital goods markets, positively practice economy to benefit the state treasury, develop exchange of goods and materials, try every possible means to realize direct and nearby supplies, reduce interlinked factors, and strive to serve production and construction.

Sixth, we should strengthen the management of labor wage plans and strictly control the excessively rapid increase in consumption funds. From this year, the province should carry out the method of linking wage bills with economic results among various cities and prefectures. According to labor wage plans, the localities should check and ratify the enterprise wage funds for each lower level; and the labor, banking, and auditing departments should strictly supervise the implementation. It is necessary to clear and consolidate the incomes except for wages and bonuses and to strictly set up controlling and supervisory methods.

Seventh, we should enhance the overall functions of the macroeconomic readjustment and control. We should further balance the relationship among planning, financial, and banking departments. The planning departments should display their functions for comprehensively balancing and implementing the state industrial policies and comprehensively coordinating economic control. Planning, financial, and banking departments should closely cooperate with each other and coordinate their actions in line with the requirements for improving the economic environment and rectifying the economic order. The provincial government sees the need to set up a system of holding meetings on economic coordination in order to pool their joint efforts, to timely solve the key production and construction problems to be solved through the unified arrangements of various departments, and to ensure the realization of the national economic plan.

Shandong Report on Financial Budgets

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["Excerpts" of report on fulfillment of Shandong Provincial 1989 financial budget and on the 1990 draft financial budget, given by Guo Changcai, director of the Shandong Provincial Financial Department, at the third session of the Seventh Shandong Provincial People's Congress]

[Text]

1. The Situation on the Fulfillment of the 1989 Financial Budget

In 1989, under the leadership of the party Central Committee, the State Council, the provincial party committee, and the provincial government, the people throughout the province conscientiously implemented the guidelines of the fourth and fifth plenary session of the 13th party Central Committee, actively implemented the resolutions of the second session of the seventh provincial People's Congress, upheld the principle of improving the economic environment, rectifying the economic order, and deepening reform, deeply carried out the campaign on increasing production, practicing economy, increasing revenues and reducing expenditures, and succeeded in achieving a sustained development in the national economy and in all social undertakings. We succeeded in steadily increasing financial revenues and overfulfilling the budgets; we did a good job in controlling financial expenditures, and guaranteeing reform, construction, and the needs for developing all undertakings. According to the province's unified calculations, we achieved a balance between financial revenues and expenditures with a small surplus during the year.

In 1989, the financial revenues reached 10.48 billion yuan, accounting for 108.18 percent of the budget, showing an increase of 15.77 percent over the previous year. Of this, the industrial and commercial tax revenues accounted for 106.10 percent of the tax revenue budget, showing an increase of 18.89 percent; enterprise revenues accounted for 284.57 percent of the budget, showing a decline of 64.53 percent; agricultural taxes accounted for 78.92 percent of the budget, showing an increase of 4.79 percent; the local sharing of taxes for the use of cultivated land accounted for 78.92 percent of the budget, showing a decline of 3.26 percent; the local sharing of funds for construction of key energy and communications projects accounted for 125.97 percent of the budget, showing an increase of 1.54 percent; the pollutants discharge and water resources funds accounted for 108.92 percent of the budget, showing an increase of 13.22 percent; the new taxes for agricultural, forestry, and special products and the local sharing of budget regulation funds accounted for 83.17 percent and 75.12 percent of the budgets respectively.

In 1989, the financial expenditures were 11.87 billion yuan, accounting for 99.85 percent of the budget, showing an increase of 16.75 percent. Of this, 918 million yuan would be shifted to the next year for continued use; the expenditures during the year reached 10.952 billion yuan, an increase of 16.42 percent over the previous year. Expenditures for capital construction increased 4.09 percent; funds for enterprises to tap potential and carry out transformation increased 39.17 percent; expenditures for maintaining urban construction projects increased 19.26 percent; expenditures for environmental protection and protecting water resources increased 5.09 percent; expenditures for supporting rural production and all agricultural undertakings increased 30.27 percent; funds for cultural, educational, and public health undertakings increased 18.13 percent, of which educational funds increased 17.12 percent; scientific working funds including funds for three scientific and technological purposes increased 24.74 percent; pensions and social relief funds increased 21.56 percent; administrative management funds increased 28.17 percent, which were mainly caused by the raising of certain expenditure standards and the increase in expenditures for increasing the number of staffers and their wages according to policies; expenditures for judicial and public security organs increased 30.21 percent; and the price subsidies for grain, oil, coal, meat and vegetables dropped by 2.99 percent.

The financial situation in 1989 was good which was comprehensively manifested in the development of the national economy and all social undertakings and resulted from the common efforts of all fronts and all trades and professions. During the past year, governments and departments at all levels did much effective work and made great achievements in the improvement and rectification drive, and in realizing the target of increasing revenues and reducing expenditures and guaranteeing financial balance.

A. We actively supported development of production, and strove to open up financial resources. New progress was made last year in the work to support the counties relying on financial subsidies. Relevant departments directly under the province adopted the measure of "taking coordinated actions, giving special emphasis simultaneously, adhering to their own responsibilities and comprehensively rendering support," and helped—by providing plans, materials, electricity and funds—some counties (districts) develop their economies in line with the requirements for economic improvement and rectification, and for adjustments of industrial composition and product mix, and in line with their specific local conditions, cultivate financial resources, and increase revenues. The 1989 industrial output value of the 48 counties (districts) relying on financial subsidies showed an increase of 21.79 percent over the preceding year, and their revenues one of 26.17 percent, both higher than the average growth rates of the cities and prefectures where they are located, and the average growth rates of the province. In the financial expenditures of these counties

(districts), the proportion of the financial subsidies from higher authorities declined from 38 percent in 1986 to 26 percent, a drop of 12 percentage points. Last year, nine counties (counties) achieved financial self-reliance, and 15 counties (districts) narrowed the difference between their revenues and expenditures. Notable achievements were scored in the work to enable some counties to increase their revenues to 100 million yuan each, and some towns and townships to increase their revenues to 10 million yuan each. Thanks to the efforts of relevant counties and districts and special assistance and encouragement of the province, the number of the counties whose revenues reached 100 million yuan each increased from four to 12, and that of the towns and townships whose revenues reached 10 million yuan each from three to 11.

B. We paid close attention to tax collection and management, thus increasing revenues in a stable way. All levels and all departments conscientiously implemented the State Council decision on rectifying the tax collection order and strengthening tax collection and management, resolutely carried out tax work according to law, and investigated and corrected a number of cases on overstepping authority to grant tax reduction and exemption. We further improved tax collection and management methods, and established and improved such collection and management systems as tax payment appraisal, tax payment application, management of receipts, and deducting taxes on others' behalf. With regard to key tax-paying units, we adopted the methods of controlling and managing their tax payments at every level, and sending personnel to the units to take charge of the collection. With regard to scattered tax-paying units, we established tax collection stations in places where they were fairly concentrated, thus ensuring timely collection of taxes. A breakthrough was achieved in the collection and management of taxes levied from individual business households. Through provincewide tax, finance, and price inspections, 556 million yuan of misappropriated funds was discovered, of which 439 million yuan was already turned over to the treasury. This played an important role in increasing the revenue, strictly enforcing financial and economic discipline, easing unfair distribution in society, and facilitating the healthy development of the economy. The various circles of society showed more understanding, concern, and support for tax collection and, thanks to the concerted efforts of various quarters, the revenue increase targets assigned by the state and the province were successfully fulfilled. In this way, they made significant contributions to balancing our province's finance.

C. We checked the excessive demands, and fairly successfully controlled financial expenditures. All localities and departments conscientiously implemented state principles and policies on financial retrenchment, and adopted many measures to control and save expenses. They persistently kept their expenditures within the limits of their revenues, acted according to their financial capacity, and spent money according to the budget

and systems. In developing budgetary capital construction, we persistently ensured key projects, reduced ordinary ones, and did not build office buildings, auditoriums, and hotels. Operational funds for various purposes were used as much as possible in the areas necessary to development of our causes, and efforts were made to save the public funds for administrative purposes. In the management of administrative funds, we popularized the method of "assigning control quotas, rewarding conservation, and punishing excessive use," thus cutting the province's administrative funds by 3.5 percent from the state-assigned control quota. We further strengthened control over institutional purchases. Thanks to such measures as enforcing the leader responsibility system, exercising strict quota control, improving various systems, strengthening the organs for purchase control and conducting purchase control inspections, institutional purchases of the units at and above the county level throughout the province declined by 3.52 percent from the preceding year, and the expenses on purchases of such special-controlled commodities as cars and air conditioners directly managed by the offices for purchase control at various levels declined by 13.35 percent.

D. We readjusted the structure of distribution, and promoted the development of key undertakings. During the past year, despite the shortage of financial resources, financial departments at all levels positively raised funds, made a reasonable breakdown of funds, and strove to make more investment in agriculture, education, and science and technology. The budgetary appropriations for aiding agricultural production and for operating various agricultural undertakings amounted to 1.02 billion yuan, an increase of 30.27 percent over the previous year, or 13 percentage points higher than the increase rate of the total financial expenditures. In 1989, the provincial government decided to raise funds from a dozen fields with the purpose of establishing the agricultural development fund system. That very year, 390 million yuan was raised, thus opening up a fixed source of funds for aiding agricultural development. Adding the working funds issued by departments at all levels for aiding agriculture, the appropriations for aiding agriculture which were under the management of financial departments amounted to 1.5 billion yuan. We positively imported and utilized foreign capital to carry out comprehensive development of agriculture. The agreements on utilization of long-term agricultural loans granted by foreign countries which were reached or basically reached last year amounted to \$229 million. Adding the supporting funds raised domestically, the total amount of investment in agriculture exceeded 1 billion yuan in renminbi. In the process of implementing the budget, we increased the appropriations for education, science, and technology as far as possible, which regarded the priorities of the budget at the beginning of 1989, as demanded by the development of undertakings and in line with the possibility of financial resources. The results of the implementation of the budget at the end of 1989 showed that appropriations for educational

use amounted to 1.942 billion yuan, the extra educational charges collected in urban and rural areas amounted to 670 million yuan, and the expenses in educational capital construction covered by the budget and the funds used by state departments and enterprises to run schools and provide educational courses for their workers and staff members amounted to 560 million yuan. Adding the funds jointly raised by the masses for running schools, the investment in the educational field totaled 3.5 billion yuan.

The reason the province scored such good results in implementing the 1989 budget was due primarily to the keen attention and conscientious work of party committees, people's congresses, and governments at all levels. Many principal responsible comrades frequently inquired about the financial and tax situation, went to financial departments to handle affairs on the spot, offered guiding ideology, fighting goals, and demands for the work of financial departments, and helped these departments map out measures for increasing revenues and reducing expenditures and solve conspicuous contradictions and practical problems in their work. The provincial People's Congress Standing Committee and People's Congress standing committees at various levels listened to financial work reports two or three times every year, exercised supervision, and conducted examination of financial work from the perspective of building the state legal system, and gave support and guidance to financial work in line with actual conditions. At the same time, all professions and grades closely cooperated with financial and tax departments to conscientiously implement the tasks specified by the budget, paid attention to grasp the financial work in an early, industrious, and strict manner, made analysis of the implementation of the budget every 10 days, every month, and every quarter, and strove to solve problems in a timely manner once problems were discovered, thus ensuring the fulfillment of the tasks of the budget.

While catching sight of the good side of the financial situation, we should also see those existing problems and difficulties which should not be neglected. First, some localities, particularly some counties and districts with a relatively poor industrial foundation, were still in a very difficult financial situation, due to the relatively numerous factors for increased expenditures of a policy nature, although they effected a relatively big increase in their revenues over the past few years. The accumulated deficits handed down from the past several years in 89 units still amounted to 285 million yuan. Some handed-down problems still existed in financial departments at various levels to varying degrees, which needed urgent solution. Second, economic efficiency was not good enough, and some enterprises witnessed a decline in their level of profit and an increase in their deficits. Some enterprises failed to make full utilization of their funds. Third, last year the province failed to fulfill the budget's targets on collecting agriculture, forestry, and special product taxes and the cultivated land occupation tax. Major reasons were: Last year, apple output

decreased due to disasters caused by droughts and windstorms, and shrimp raisers sustained a loss due to increased cost. Giving consideration to people's practical difficulties, the province reduced taxes or eliminated taxes by more than 80 million yuan. Some taxes which should be collected were not collected because they were new tax items and thus the experience in this regard was insufficient and the management system poor. Fourth, in some localities, the supervision on financial and tax management was not effective, and financial and economic discipline was loosened. Some localities lacked feasible measures to solve some contracted enterprises' problems, such as replacing management with contract, replacing law with contract, and assuming responsibility for only profits but not losses. Some localities suffered from serious instances of violation of financial and economic discipline, leaks in revenues, and waste in expenditures. Quite a few localities and units did not yet truly foster the ideas of working arduously, practicing economy, and leading austere lives.

2. The 1990 Draft Budget

In line with the guidelines of the fourth and fifth plenary sessions of the 13th party Central Committee, the third and fourth enlarged plenary sessions of the fifth provincial party committee, and the national financial work conference, and according to the requirements of the national economic and social development plan, the province set forth the financial improvement and rectification targets as follows: Strive to increase revenues and reduce expenditures, ensure striking a balance between revenues and expenditures, reduce, to the minimum, the deficits left over from past years, appropriately solve the problems related to the extra-quota deficits left over by the foreign trade and grain departments, continuously stabilize the situation, and serve the coordinated development of the economy. To this end, the guiding ideology for arrangements of the 1990 budget is as follows: Resolutely implement the principle of retrenching finance, actually tighten the belts with the focus on increasing economic results, make overall arrangements for ensuring key projects, keep expenditures within the limits of income, and strike a balance between revenues and expenditures.

A total of 11.214 billion yuan of revenues are arranged in the provincial budget for 1990, an increase of 7.00 percent over the previous year. Of this, the industrial and commercial tax revenues will increase by 9.15 percent, the income of enterprises will be reduced by 25.69 percent principally due to the increase in the deficits of commercial and grain enterprises, the agricultural taxes will increase by 6.96 percent, the portion of taxes for occupying cultivated areas obtained by the localities will be reduced by 15.35 percent, principally because of the reduction of cultivated areas to be occupied, taxes for special farm and forest products will increase by 20.03 percent, pollution drainage charges and water resources charges will increase 4.34 percent, the portion of funds for key energy resources and communications projects

obtained by the localities will increase by 9.87 percent, and the portion of budget regulation funds handed over by the localities will increase by 30.13 percent. The state decided to reduce 5 percent of the expenses in some other aspects except for national defense charges, the investment in key construction projects, the expenses in repaying debts, and necessary subsidies for price hikes. According to our province's actual conditions, the principles of arrangements for budgetary expenditures are as follows: First ensure the expenditures to be handed over to the central financial department, guarantee personnel wages and key construction projects, appropriately increase agricultural expenditures, not reduce the expenses in education and science and technology, give necessary considerations to public security and procuratorial organs, people's courts, and local armed police forces, and reduce, in principle, the expenses in other aspects. If wage increase and some special factors are included, the expenditures on the majority of items will increase. So, 12.314 billion yuan of expenditures are arranged in the provincial budget for 1990. Of this, 11.319 billion yuan are covered in the 1990 budget, an increase of 3.35 percent over the previous year. Expenses in capital construction will increase by 20.94 percent, funds for tapping enterprises' potential and conducting technological transformation will be reduced by 1.24 percent, expenses in supporting rural production and various agricultural undertakings will increase by 5.83 percent, expenses in urban construction and maintenance will increase by 1.97 percent, funds for environmental protection will increase 17.16 percent, and expenses in developing urban water resources will increase by 7.14 percent. Funds for developing cultural, educational, and health undertakings will increase by 5.16 percent. Of this, educational funds will increase by 5.57 percent, scientific and technological funds for these purposes and funds for scientific undertakings will increase by 3.69 percent, expenses in comforting and compensating bereaved families and social relief funds will increase by 3.00 percent, administrative expenses will increase by 4.29 percent, expenses in public security and procuratorial organs and people's courts will increase by 5.46 percent, subsidies for price hikes will be reduced by 5.23 percent, and reserve funds will increase by 40 million yuan.

This is an overall guidance budget for the province. According to the current system that each level holds the responsibility for the finances of the same level, the financial departments at various levels should make specific arrangements according to the requirements for retrenching finance, tightening the belts, keeping expenditures within the limits of income, and striking a balance between revenues and expenditures.

Several issues to be explained in arrangements of the budget follow:

On the issue of making more contributions to the central financial department. To raise the proportion of revenues in the national income and the proportion of the central financial department's revenues in the national

revenues, and to strengthen the macroeconomic readjustment and control capacity, the central financial department decided to collect portions of funds from various localities and assigned to our province a task of increasing 215 million yuan of funds handed over to the higher level. The provincial government studied and specified that, according to the 1988 real financial resources, and after deducting the portions of expenditures, including the subsidies for price hikes, the contracted subsidies for foreign trade, the special allocations by the central financial department and the province, the expenses in agriculture, education, and science and technology, and the individual expenditures, the provincial financial departments and all city and prefectural financial departments should share the burden in the same proportion. By so doing, can we not only ensure some necessary expenditures but also embody the spirit of making contributions and give consideration to some localities' practical difficulties.

On the issue of increasing agricultural input. In order to guarantee agricultural production, particularly a fairly big increase in the production of grain, cotton, and oil-bearing crops under the 1990 budget, the expenditures for supporting rural production and the agricultural working funds should be 1.08 billion yuan, an increase of 5.83 percent over the previous year. Of this, the provincial authorities should increase the budget by 30 million yuan for carrying out farmland water conservancy projects, strengthening the ability to combat drought and prevent floods and improve the agricultural production conditions. In the course of implementing their budgets, financial departments at all levels should also strive to increase agricultural input according to their financial capacity and possibility. In addition, at present, we have many sources of funds and channels for obtaining funds such as funds available for agricultural use, some extrabudgetary funds, working funds for supporting agriculture which had been accumulated for many years by the financial departments at all levels, all kinds of agricultural loans, loans from the World Bank, and peasants' input. We should carefully organize and arrange for these funds, realistically strengthen management, raise the results of the use of funds, and make them display a bigger role in increasing agricultural production and developing agricultural construction projects.

On the issue of the educational, scientific, and technological funds. Educational, scientific, and technological funds were greatly increased during the past few years. From 1979 to 1989, the average annual increase was 15.67 percent, of which the educational working funds increased by 16.51 percent. This year because of the fairly small increase in the available financial resources, the budgetary financial expenditures will be increased by only 3.35 percent. The educational, scientific, and technological expenditure budget will be greater than the average increase in expenditures, and the educational funds will be greater than the growth of regular financial revenues. "Invigorating Shandong with science and education" is our province's strategic principle. In the

course of implementing the budget, governments at all levels should increase revenues and reduce expenditures by tapping potential and increasing expenditures for this purpose. The results of implementing this budget will probably show that this budget will be exceeded.

On the issue of concentrating funds on guaranteeing key construction projects. Our province's key construction tasks are very heavy. In the budgetary expenditures for capital construction, the provincial government, in addition to maintaining the budgetary level of last year, has decided to adopt the following measures in the financial sector: First, after deducting the essential funds, the provincial government will reduce the administrative funds of provincial-level organs by 10 percent and will use it as a special fund for building the compound fertilizer plant. Second, half of the budgetary regulation funds retained by the localities will be used for building the province's key projects. This is the main reason for the fairly big increase in this year's capital construction expenditure budget. Third, 5 percent of the extrabudgetary funds of provincial-level organs will be used as funds for building local key projects. All levels and all departments should give consideration to the overall situation, strive to overcome difficulties, lead an austere life for several years, and support the key projects of the whole province.

On the issue of expenditures for environmental protection. In order to do a good job in environmental protection and create good conditions for economic development and for the people's livelihood, in addition to using all special funds for environmental protection beginning from 1988, the provincial government has successively arranged 5 million yuan for two years for solving the drinking water problems of the masses living along Xiaoqing He. Through two years of hard effort, we have dug 221 wells, built 10 ponds and one reservoir water diversion project, and solved the drinking water problems of 283,000 people in 243 villages in the seriously polluted areas along Xiaoqing He and the four lakes in the southern part of the province. This year, we will continue to allocate 5 million yuan to further solve water problems for animals and people living along Xiaoqing He, particularly in some transregional polluted areas and some salient problems in the polluted areas in the four lakes on the southern part of the province. In addition, in improving water by eliminating its fluoride content, in the past, the provincial annual budget for this purpose was 2 million yuan. This year, we should properly increase this budget in an effort to rapidly solve the drinking water problems of the people living in areas where the fluoride content in water is high.

The revenue budget does not include the deficits of foreign trade enterprises. Since 1988 when foreign trade enterprises were put under local administration, the deficit quotas verified and assigned by central authorities have been put under the direct responsibility of foreign trade enterprises, and their deficits in excess of the quotas are expected to be more than 500 million yuan in two years. After December last year, when the

exchange rate was adjusted, the provincial government, in order to promote foreign trade, decided that the base deficit quotas assigned to foreign trade enterprises would not be adjusted so that these enterprises can use the surplus to compensate for their excessive deficits accumulated in the past years and, if there is more surplus, they should use it to establish risk-taking funds so that deficits can be compensated when there is a surplus. In addition, subsidies for the deficits of grain enterprises have substantially increased over the past few years, due to continuous increases in the portion of grain purchased at negotiated prices and sold at government prices, the continuous expansion of the difference between the negotiated price and the government price, and the increase in the operational expenses of these enterprises. Despite the various measures we adopted, their deficits still stayed at more than 700 million yuan at the end of last year. This remained a conspicuous problem in this year's budget. All trades and professions should greatly conserve grain consumption, and governments at various levels should conscientiously strengthen management of grain enterprises, continue the system of overall calculation and responsibility for profits and deficits, and reduce deficits through all possible means.

3. Brave the Way Forward, Maintain Plain Living and Hard Work, and Successfully Fulfill the 1990 Budget

The year 1990 is a crucial year for economic improvement and rectification. There are many difficulties and problems in our financial work, the contradiction between the demand for funds and possibility of fund supply remains very conspicuous, and the task to balance the revenue and the expenditure is very arduous. To successfully fulfill this year's budget, we should conscientiously put into effect the various measures put forward in provincial Governor Zhao Zhihao's government work report, and successfully carry out the following work:

A. We should carry out an in-depth campaign to increase production, practice economy, increase revenue, reduce expenditure, with the focus on improving economic results. Improving economic results is an important matter concerning the benign circle of the economy. When the economic growth is brought to a proper rate, the increase of the revenue should depend mainly on the improvement of economic results, and the demand for funds used in production, construction, and other various undertakings should also be met mainly by raising the efficiency in fund usage. At present, production, construction, and goods circulation fields, and the departments not engaged in material production have great potential for improving economic results. In 1989, the output value of local state industrial enterprises rose by 5.73 percent over the preceding year, their total profits declined by 4.89 percent, their cost of comparable products grew by 24.69 percent, their funds tied up in overstocked goods grew by 1.02 times, their total deficits increased by 1.5 times, and their amount of profits provided by per 100 yuan of sales dropped by 1.45 yuan. The sales volume of state commercial enterprises

declined by 3.33 percent, their cost of commodity circulation rose by 27.72 percent, their total profits declined by 26.14 percent, and their average amount of circulating funds tied up in goods increased by 7.4 percent. Reasons were numerous for the aforementioned situation, but the important one was our poor management and lack of attention to economic results, which we should not neglect. For this reason, we should deepen this campaign, optimize the industrial composition and product mix, increase the production of readily marketable goods, conscientiously strengthen management, strengthen basic work, further improve the fixed-quota control, cost control, fund control, quality control, economic accounting and other rules and regulations, and achieve success in our accounting work and basic work, and in attaining the prescribed standards and improving our quality. Enterprise contracts should include major targets for economic results, link the income of enterprises and their workers to economic results, and formulate specific methods for appraisals. We should pay attention to the work of enterprises to increase profits and reduce deficits, make every level work out plans for increasing profits and reducing deficits in line with the requirements of the state and the province, assign deficit reduction and profit increasing quotas to every enterprise, establish a responsibility system to this work, summarize and popularize in large areas the good experiences and good methods gained by various localities, and strive to achieve a breakthrough in the province's work to reduce deficits and increase profits.

B. We should achieve success in financial operations to promote a steady development of the economy. We should continue to carry out the method of attending to the work of both ends to promote the interlinked factors to promote production and increase revenues. According to different actual conditions and based on existing experiences, we should continue to concentratively support the 48 counties with financial subsidies in the province. We should support the counties whose revenues exceed expenditures to consolidate and develop their achievements; and for the counties whose expenditures are higher than their revenues upgrade their capacity of being financially self-sufficient. According to different actual conditions, all localities should adopt realistic and effective measures to help, in a well-planned manner, the counties with good conditions develop the economy on the premise of increasing economic results and strive to have their revenues surpass 50 million, 80 million, or 100 million yuan; and to help the towns and townships with good conditions rise their revenues to 5 million, 8 million, or 10 million yuan. By carrying out the method of attending to the work of both ends to promote the interlinked factors, we should promote the overall economic development and push forward the improvement of county- and township-level financial work. We should further strengthen the management of extra-budgetary funds; perfect the management methods; ensure that there are revenues plans, budgets for expenditures, and year-end final accounts; and strengthen macroeconomic guidance; and better serve

the improvement of the economic environment, the rectification of economic order, and economic development. It is necessary to positively and steadily develop credits. All departments concerned should closely cooperate with each other; continue to flexibly allocate and reasonably operate funds; and strive to help the enterprises with reasonable product mix and good economic results alleviate their temporary difficulties in circulation of funds, promote the development of production, and increase economic results and revenues. By conscientiously implementing the requirements of the central authorities and the provincial party committee, we should help the enterprises that have partially stopped production and operation make good arrangements for the livelihood of their staff and workers and restore production as soon as possible.

C. We should further strengthen tax revenue work and collect, according to policies, the revenues that should be collected. We should manage the tax revenue work persistently according to law, further intensify the collection and management of tax revenues, perfect and improve rules for paying taxes and rules for collecting and managing taxes, perfect various forms of tax collection means, grasp large taxpayers and key tax resources on the one hand and scattered tax revenues on the other hand, strengthen the work of collecting, according to law, taxes from collective, individual, and private sectors of the economy, strictly investigate and handle the activities of evading and refusing to pay taxes, safeguard the normal tax revenue order, and achieve success in organizing revenues. We should conduct investigations and study to improve in a timely manner the policies and measures that are not suitable to the changes in the objective situation, plug up loopholes, and stop and correct the problems of arbitrarily reducing and exempting taxes in violation of the taxation laws and regulations. It is necessary to extensively and deeply conduct propaganda on tax revenues, create a social-wide media and practice that it is an honor to pay taxes and it is shameful to evade taxes, and enable all tax-paying sectors and individuals to consciously pay taxes according to law and fulfill their bounden duties.

D. We should actually tighten our belts and be determined to control and reduce expenditures. The provincial-level units should reduce 10 percent of administrative expenses and all localities should reduce 5 percent of administrative expenses. These targets should be resolutely fulfilled. It is necessary to strictly control the expansion of the size of organizations and increase staff and to carry out the method of linking administrative expenses with the authorized size of staff. No funds will be allocated to the organs that arbitrarily increase the number of staff. We should vigorously reduce meetings and documents and reduce 30 to 50 percent of meeting and document printing expenses. We should continuously and strictly control institutional purchasing power, strictly and tightly examine and approve the purchasing of special-controlled commodities, and not surpass the purchase control targets. Meanwhile, we

should consolidate various categories of learned societies, associations, the press, and magazines; end the practices of recklessly issuing bonuses, subsidies, and materials; eliminate the phenomena of using public funds to give dinners and gifts, and touring mountains and rivers; and screen and straighten out "small treasures." There is great potential for reducing expenditures in these aspects. All departments should carry forward the spirit of saving a penny to develop the "four modernizations," fully tap their potential, realistically work out plans for reducing expenditures, always pay attention to practicing economy, upgrade the efficiency in using funds, reduce waste, guarantee necessary expenditures, ensure the accomplishment of more deeds with less money, and strive to better handle their affairs.

E. We should deepen reform, and further improve the contract managerial responsibility system among enterprises. We should conscientiously implement the provisional regulations on the contract managerial responsibility system. Towards those enterprises which continue to extend their contract periods or begin a new round of contracts, we should rationally define their basic figures of contract and their ratio of profits delivering to higher authorities. The unduly low basic figures of contract and proportionate sharing of profits should be enhanced to an appropriate extent. The added profits earned by enterprises as a result of price hikes should mostly be handed over to financial departments. All enterprises carrying out the contract system should assume responsibility for not only their profits but also losses. If an enterprise fails to fulfill the contract quotas, it should make up for the deficiency with its own funds in order to ensure the fulfillment of the profit delivery task. Attention should be paid to organizing the implementation of the performance-based wage system. We should select two cities and two counties to experiment with the methods of "signing contracts and repaying loans after tax payment" among enterprises in an effort to gradually change the method of repaying loans before tax payment to the method of repaying loans after tax payment. Attention should be paid to managing well the state-owned assets. In line with the principles of "firmly grasping the present, making explorations for the future, carrying out necessary supporting reform, and forging ahead steadily," we should positively and steadily conduct appraisals of the assets of state-owned enterprises and conduct management of property rights and income of these enterprises. We should establish and improve the management system of state-owned assets, and promote the optimum distribution of state-owned assets. We should prohibit illegal division and occupation of state-owned assets in order to prevent property benefits from running off and to ensure the integrity and added value of state-owned assets.

F. We should strengthen the building of finance and the legal system, and rigorously enforce financial and economic discipline. According to the demands of economic rectification and in-depth reform, we should continue to straighten out financial and tax order, positively promote the building of financial and tax laws, establish and

improve various laws and systems concerning finance and the economy, handle administrative affairs according to law, and vigorously propagate and implement the various tax laws of the state, the "law on accounting," the "regulation on management of cost," the "regulation on depreciation of fixed assets," the "provisional regulation on punishment to violations of financial and economic rules," and some other financial regulations, so as to make everyone show concern for and abide by laws and discipline. Through strengthening the building of the legal system, we should gradually bring the financial and tax work into line with a normal orbit of legal management. We should reinforce the restriction to the budget, and handle affairs in strict accordance with the budget. No one is allowed to presumptuously make an additional expenditure and provide channels for reducing revenues and increasing expenditures so as to safeguard the seriousness of the financial regulations and financial budget. Continued efforts should be made to conduct the tax, financial, and pricing inspections in a bid to effectively check all kinds of law and discipline violations.

G. We should strengthen ideological and political work, and strive to improve the quality of the ranks of financial and tax personnel. Financial and tax departments at all levels as well as the vast number of financial and tax cadres should conscientiously study the basic theory of Marxism and Leninism, should persist in the four cardinal principles, and should firmly embrace the idea of wholeheartedly serving the people. They should make even greater efforts to improve administrative honesty, handle tax affairs in a civilized manner, manage financial affairs in an open manner, and consciously subject themselves to the supervision by the masses. They should improve their work style, strengthen investigations and studies, improve work efficiency, and conduct their work in a creative manner with a fine mental state. They should cooperate with all other fields to do a painstaking and solid work in order to ensure the satisfactory fulfillment of this year's financial budget.

Funds Sought for Shanghai Economic Zone

HK2404033190 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
24 Apr 90 p 1

[By Eva To and Geoff Crothall]

[Text] Shanghai's reformist mayor, Mr Zhu Rongji, is to head a high-level delegation to the territory in the middle of June to promote investment opportunities in Pudong, the 200 square kilometre region to the east of Shanghai destined to become one of China's most important special economic zones (SEZ).

The central government in Beijing has given its formal backing to the Pudong development scheme which the municipal government hopes will lead to the creation of a free port and financial centre on a par with Hong Kong.

During his visit to Hong Kong, Mr Zhu is expected to meet local and foreign bankers to discuss the possibility of financing for the Pudong project which it is estimated will cost U.S.\$8 billion over 20 years. He is also expected to brief them on the reform of the city's financial markets.

"In the future we can foresee Pudong performing a similar role to Hong Kong Island in finance, trade and commerce, with western Shanghai providing the kind of industrial backup found in Kowloon and the New Territories," a municipal official said yesterday.

Premier Li Peng on a recent visit to Shanghai said Pudong would be able to provide investment incentives hitherto only available in the SEZ's of Shenzhen and Xiamen.

Foreign corporations will be allowed to acquire 50-year transferable land leases and set up trading companies in the zone, according to Mr Ye Longfei, deputy head of Shanghai's Foreign Investment Work Committee.

The first phase of the Pudong development, a deep-water port complex at Waigaoqiao in the northeast area of the zone, would act as a free-trade and export-processing zone, Mr Ye said.

Later developments include the construction of an airport in addition to the existing Hongqiao International Airport in the west of the city, new road links, and three power stations.

It is widely expected Beijing will in addition allow foreign banks to establish branches in Pudong, although such a move would certainly meet stiff opposition from local banking interests.

The development of Pudong is seen by many banks in the territory as an excellent opportunity to upgrade their presence in Shanghai which currently only has four foreign bank branches—Bank of East Asia, Hong Kong and Shanghai Banking Corp, Standard Chartered and the Overseas Chinese Bank—all of them established before 1949.

The Bank of Tokyo has been attempting to establish a branch office in Shanghai for more than two years but its efforts have so far been thwarted by the People's Bank of China.

The Bank of East Asia's attempts to set up a joint-venture finance company in the city with the Bank of China, Bank of Communications, and Japan's Sanwa Bank have also been stalled, but a Bank of East Asia spokesman said yesterday he expected the project to be approved in the near future.

In addition to meeting local bankers, Mr Zhu and his team will hold a series of investment seminars in Hong Kong and selected Southeast Asian cities during which Pudong's investment incentives and development programme will be mapped out.

The Hong Kong seminar will be hosted by the Shanghai authorities and supported by a number of local bodies, including the Trade Development Council, the General Chamber of Commerce, and the American Chamber of Commerce.

At present, Pudong is still largely undeveloped marshland providing Shanghai with the bulk of its vegetable supplies, and many observers in the city are sceptical over when the "new Hong Kong" will actually materialise.

"The Pudong scheme has been on the books for about five years now and it's still basically a wide expanse of mud flats, personally I'll believe it when I see it," one foreign resident said.

Shanghai Plans To Increase GNP Five Percent

OW2604092590 Beijing XINHUA in English
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[Text] Shanghai, April 23 (XINHUA)—Shanghai Municipality, the biggest industrial city of China, is expected to increase its gross national product (GNP) by five percent this year, according to Vice-Mayor Huang Ju.

Addressing the current third session of the Ninth Shanghai Municipal People's Congress, Vice-Mayor Huang Ju also said that the municipality's total industrial output value and its financial avenue are both expected to be four percent more than that of last year.

Huang Ju said that although the current nationwide sluggish market has caused Shanghai's industrial production to drop since the fourth quarter of last year, certain measures have been taken to improve the economy of Shanghai.

He noted that the supply of energy to Shanghai has been improved while the supply of raw materials has been sufficient. Besides, he added, Shanghai's surplus of foreign exchanges has also been increasing.

With these conditions, the vice-mayor said, he is confident that Shanghai will surely be able to reach the goal in the economic growth.

Shanghai Technology Zone Encouraged

HK2604021390 Hong Kong HONGKONG STANDARD
in English 26 Apr 90 p 8

[By Tammy Tam]

[Text] Official excitement over the Pudong project, China's latest economic model, is rife, with media reports praising it almost every day.

The projected high-tech industrial zone in Shanghai has the personal blessing of Premier Li Peng.

An apparent effort to boost the project, and send a signal to the West that China's open-door policy will

continue despite the June 4 massacre, a massive propaganda campaign has been launched to promote it.

In the past few weeks, the XINHUA NEWS AGENCY, China News Service and major newspapers have given the project prominent and extensive coverage.

In Hong Kong, the China-backed Hong Kong China News Service and the pro-Beijing WEN WEI PO and TA KUNG PAO newspapers have devoted front-page reports to the project.

Analysts said the promotion campaign matches the one that introduced the special economic zones in the 1980s.

They said it appeared China was looking for a new direction to boost its flagging economy.

Deng Xiaoping said soon after the June crackdown on pro-democracy protests that the new leadership ought to embark on several large-scale projects to win people's support.

The Communist Party General-Secretary, Jiang Zemin, who backed the project years ago when he was party chief in Shanghai, is also eager to see the success of the Pudong project to enhance his own prestige.

It was reported Mr Deng recently wrote to the State Council urging an early start on the project.

Analysts said his concern may have contributed to Premier Li's high-profile support for Pudong.

Mr Deng's involvement would have swept away any possible financial obstacles facing the project under the austerity programme.

Analysts said the economic crisis in China had forced Beijing to show the world its determination to carry on the open-door policy in order to attract much-needed foreign investment.

Pudong, they said, would be held up as a positive example.

Zhejiang Establishes Supervision Training Center
OW2504234590 Beijing XINHUA English
0540 GMT 25 Apr 90

[Text] Hangzhou, April 25 (XINHUA)—China's first center to train supervision officials has been set up in Zhejiang University, East China.

Entrusted by the Ministry of Supervision, the center was sponsored by the supervision department of Zhejiang Province and Zhejiang University. It is to train supervision officials at the section level for different localities in China.

Central-South Region

Guangdong Party Urges Fight Against Corruption

HK0105065590 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 29 Apr 90

[Text] The Fourth Enlarged Plenary Session of the Sixth CPC Guangdong Provincial Committee was held in Guangzhou between 17 and 28 April.

In the spirit of party rectification, the meeting implemented in depth the decision of the CPC Central Committee on strengthening the ties between the party and the people, emphatically solved the problem of abusing power to seek apartments for personal use among leading cadres, and discussed the issue of strengthening the building of an honest and clean government.

Lin Ruo, provincial party committee secretary, presided over the meeting and made a speech. Ye Xuanping, provincial party committee deputy secretary, delivered a speech on the recent economic work of our province. Xie Fei, provincial party committee deputy secretary, made explanations on two documents submitted by the provincial party committee to the plenary session for examination and approval.

After serious discussions, the meeting approved in principle two documents—the opinions of the CPC Guangdong Provincial Committee on implementing the decision of the CPC Central Committee on strengthening the bonds between the party and the people and the decision of the CPC Guangdong Provincial Committee on further introducing the system of running affairs in public and accepting supervision from the masses of the people.

The meeting pointed out: To implement the decision of the CPC Central Committee and strengthen the ties between the party and the people, at present it is absolutely necessary to solve problems that are much concerned by the masses of the people: 1) Keep policies stable, try hard to check decreasing production and make ceaseless efforts to expand production to improve people's living standards; 2) resolutely investigate and handle the issue of abusing power to seek apartments for personal use among leading cadres; 3) make unswerving efforts to check the practices of indiscriminately collecting fees and imposing fines and unjustified financial levies; 4) improve public security in real earnest.

The meeting placed solution of the problem of abusing power to seek apartments for personal use among leading cadres in a prominent position, exposing the expression of the issue, finding out its harmfulness in the spirit of party rectification, and carrying out criticism and self-criticism and serious ideological struggle, so as to lay a foundation for thoroughly investigating and handling the issue of abusing power to seek apartments for personal use among leading cadres.

The meeting called on party organizations at different levels to take the investigation of the issue of abusing

power to seek apartments for personal use among leading cadres as a breach, correctly implement policies, conduct investigations in a proper way and carry on the the whole struggle against corruption through to the end.

The plenary session urged party members of the whole province to seriously study and implement the decision of the CPC Central Committee, actively carry out ideological struggle, overcome different kinds of unhealthy ideology and practices and carry out the malpractice of abusing power for personal gains through to the end, so as to maintain closer ties with the masses of the people, rely on them, share weal and woe with them, work with concerted efforts to overcome difficulties we are facing and strive for a Guangdong marked by advanced culture and prosperity and socialism characterized with Chinese features.

New Shenzhen Mayor From Xuzhou, Jiangsu

*HK0205072390 Hong Kong MING PAO in Chinese
2 May 90 p 2*

[Report: "Zheng Liangyu (6774 5328 3768), Former Secretary of Xuzhou City Party Committee, Will Become Shenzhen Mayor"]

[Text] Information from Shenzhen has it that there will be a new mayor in Shenzhen and the one who is going to take up this post is Zheng Liangyu, former secretary of Xuzhou City CPC Committee in Jiangsu Province. Present Shenzhen Mayor, Li Hao, will only hold the post of secretary of Shenzhen City CPC Committee.

Authoritative sources close to the Shenzhen City government confirmed to our reporter yesterday that Zheng Liangyu will arrive in Shenzhen to take office in the next couple of days.

Sources say that Zheng Liangyu, aged 56, is a provincial-level cadre in Jiangsu, ranking as high as a vice governor. Not long ago he was transferred by the organization department to Xuzhou City as secretary of the city CPC committee. This was intended to be a chance for him to gain more experience in administering local work and to prepare himself for a transfer back to the provincial administration in the future. But it turned out that he was transferred to Shenzhen by the State Council.

It is said that Zheng Liangyu has always been in charge of foreign affairs and is therefore much experienced in handling foreign trade. Besides, Xuzhou City is also an open city in Jiangsu Province, particularly known nationwide for its well-developed township and town enterprises. This gives Shenzhen people good reason to believe that Zheng's mayoralty will benefit the promotion of contacts with abroad and the development of township and town enterprises in Shenzhen.

Informed sources have denied the belief that the removal of Li Hao from his office of mayor indicates his "shaky position." They say this is only intended to reduce his workload so that he can concentrate more of his energy

on party and government building and spiritual civilization in Shenzhen. It is said that not long ago, he took a delegation to Heilongjiang Province and Shanghai Municipality to learn from their experiences in solving power supply problems. At the moment, he is with a delegation in Xiamen, Fujian, for observation. Before long he will lead another delegation on a visit to Japan. These visits in turn seem to indicate that Li Hao is now still charged with major responsibilities.

According to the legal procedure in the mainland, though he will assume office in a couple of days, his appointment has to receive formal subsequent recognition from the local People's Congress. But the People's Congress of Shenzhen City has not yet been set up, so his appointment will probably be recognized at the Guangdong Provincial People's Congress to be held mid-May.

Preparations for establishing Shenzhen City People's Congress are still in progress and it is said that it will not be set up till the end of this year. A preparatory team was formed recently. Former Vice Mayor Zhou Xiwu has been appointed head of the team and its deputy heads include Wu Xiaolan [0702 1420 5695], Luo Changren [5012 2490 0088], Lin Jiang [2651 3068], and Wen Guiqing [2429 6311 3237].

According to a ZHONGGUO TONGXUN SHE report, former vice secretary of Quanzhou City CPC Committee Shi Zhaobin has been appointed secretary of Xiamen City CPC Committee and is due to take office on 4 May. Wang Jianshuang, who was formerly in this post, will become director of the Organization Department of Fujian Provincial CPC Committee.

Aged 44 and a native of Zhanzhou City, Shi Zhaobin is a graduate of Fujian Teacher's University and was once secretary of Fujian Provincial Communist Youth League Committee.

Li Peng Approves Guangdong Oil Refinery Project

*HK0205015990 Hong Kong HONGKONG STANDARD
in English 2 May 90 p 1*

[By Tammy Tam]

[Text] Chinese Premier Li Peng has approved construction of an \$18.7 billion oil refinery—the mainland's largest—in Guangdong.

The Huizhou refinery will be a joint venture with Shell (China) Company Limited.

Huizhou Vice-Mayor Lin Shushen said the premier, who visited the city in February, had issued instructions that work should start as soon as possible.

Mr Lin said Huizhou authorities were now hastening construction of a deep-water port.

The new refinery, Shell's biggest investment in the mainland so far, would cover four square kilometres and process oil from offshore fields in the South China Sea.

The project will make advanced refining technology available to the mainland. The new plant will produce petrochemicals as well as refined oil.

Shell publicity officer Maria Wong said yesterday that feasibility studies would begin as soon as official word was received from Beijing.

Chinese partners include the Ministry of Petroleum Industry, the China Petrochemical Company, the China Merchant Company, the Guangdong provincial government and the Huizhou municipal government.

Mr Lin said Shell had originally been asked to build the refinery in Liaoning Province, near the Daqing oilfield. But after visiting Huizhou Mr Li said it offered better transportation links and a refinery there would help the development of the oil industry in southern China. Huizhou's port is only 40 sea miles from Hong Kong.

Mr Lin said Mr Li's positive attitude to the project would ease worries about raising money under the current austerity policy.

Observers said the hardline premier's personal involvement showed he was eager to improve his image. He also personally approved construction of the Panda car plant in Huizhou—the biggest single foreign investment project in China.

Chen Yourong, deputy director of the Huizhou Commission of Foreign Economic and Trade, said Mr Li had warned of possible pollution problems with the refinery.

Mr Chen said feasibility studies would take about two years and construction another three years.

In its first year of production in 1985 it would refine about 5 million tonnes of raw oil. By then 8 million tonnes of oil a year would be piped into Huizhou from the South China Sea oilfields.

Mr Chen said Shell wanted more than 50 percent of the shares to ensure it had final say in the running of the plant. Beijing had no objection.

Former University Official in Guangdong 'Isolated'

HK0205020590 Hong Kong SOUTH CHINA MORNING POST in English 2 May 90 p 11

[By Daniel Kwan]

[Text] The former president of Shenzhen University who was sacked last August for sympathising with pro-democracy students is staying at home instead of being isolated as was reported by the local press earlier.

The present president of the university, Professor Wei Youhai, said in a seminar yesterday that his predecessor, Professor Lou Zhiqi, was not being punished despite having made mistakes in last June's events.

"Mr Lou is living on campus in Shenzhen with his wife and he is not being punished," Professor Wei said.

"Professor Lou is 'studying' at home because we have a different understanding of what happened (last June)," he said.

According to Professor Wei, Professor Lou was removed from his job last August and had stayed in Conghua for about two months before he returned to campus in October.

It was reported earlier that Professor Lou had written to Beijing urging the Government to open dialogue with students who occupied Tiananmen Square at the peak of the movement.

According to Chinese sources, Professor Lou was later sacked and was being isolated in Conghua to prevent him from escaping.

Hainan's Xu Shijie Attends 1 May Gathering

HK3004142390 Haikou Hainan Provincial Service in Mandarin 2200 GMT 28 Apr 90

[Excerpts] Yesterday morning, provincial Federation of Trade Unions held a forum attended by model workers and advanced producers to mark 1 May International Labor Day, and presented 1 May Labor medals and certificates of merit. More than 30 advanced workers and producers who won the awards, or medals presented by the province and by the relevant central ministries and bureaus participated in the gathering.

On behalf of All-China Federation of Trade Unions, leading comrades from the provincial CPC Committee, provincial People's Congress, provincial government, provincial Chinese People's Political Consultative Conference [CPPCC], and provincial Discipline Inspection Commission Xu Shijie, Liu Jianfeng, Yao Wenxu, Pan Qiongxiang, Zhang Jintao, Meng Qingping, and Dong Fanyuan presented the awards to model workers and representatives of advanced units who won this year's 1 May labor medals and certificates of merits. Some of the winners of the awards and medals spoke at the meeting. On behalf of the provincial CPC Committee, provincial People's Congress, provincial government, provincial CPPCC, and provincial Discipline Inspection Commission extended his congratulations to advanced individuals and collectives which won the 1 May labor medals and certificates of merit. He said: Working class is the leading class of our country, and the representative of the advanced productive force and advanced production relations. It is the most basic driving power for construction and reform. It is also the most powerful and concentrated social force for maintaining social stability. At present, we must mobilize and guide the broad masses of cadres, workers, and staff members to extensively and profoundly carry out the activities of double increase and double economy, encourage them to submit more rationalization proposals, popularize scientific knowledge, and enhance our working efficiency. We must make efforts to overcome temporary difficulties on our road of advance, and concentrate our strength on promoting our provincial economy. He hoped that under

the leadership of the party, workers and staff members in all trades and service throughout province will work together with people of the whole province with one heart, struggle hard, make persistent efforts, and overcome difficulties to make new contribution to an early fulfillment of the strategic goal of the Hainan special zone, and the construction of the special zone.

Secretary Xu Shijie also addressed the meeting.

Hainan Officials Celebrate Liberation Day

HK0205043490 Haikou Hainan Provincial Service
in Mandarin 2200 GMT 30 Apr 90

[Text] The Nanfang Song and Dance Troupe put on 20 excellent numbers for leaders of party and government departments directly under the provincial government at the provincial party committee auditorium last night. The items reflecting the local people's work and life brought down the house. The Nanfang Song and Dance Troupe grew out of the Hainan Song and Dance Troupe, which was established in Hainan in 1953. This time they came back to Hainan to take part in the activities in celebration of the 40th anniversary of the liberation of Hainan, and all members were excited about being home again. Leaders from the provincial party committee, provincial government, provincial People's Congress, provincial committee of the Chinese People's Political Consultative Conference Xu Shijie, Liu Jianfeng, Miao Enlu, Wang Yuefeng, (Tang Wenhua), Chen Kegong, Zhang Jintao, Zhou Song, Li Mingtian, and responsible members from the provincial party committee propaganda department and provincial cultural and broadcasting bureau watched the performance, and went up onto the stage after the performance to extend greetings to members of the song and dance troupe and take a photo with them.

Further on Liberation Day

HK0205101690 Haikou Hainan Provincial Service
in Mandarin 2200 GMT 1 May 90

[Excerpts] A military athletic meeting jointly organized by the Hainan provincial government and the People's Liberation Army (PLA) Hainan Provincial Command in celebration of the 40th anniversary of the liberation of Hainan, opened at the People's Square on the morning of 1 May. [passage omitted] Present at the opening ceremony were: Provincial party committee Secretary Xu Shijie, governor Liu Jianfeng and other leaders from (seven) sets of provincial leadership line-ups; representatives of veteran cadres (Ma Huaishan) and (Kuang Guangping); Pang Weiqiang, PLA Hainan provincial commander; Gong Pingqiu, PLA Hainan provincial command political commissar; (Liu Ruifeng), (Jilin)-based PLA Navy deputy political commissar; and Xie Fei, advisor to the Ministry of Public Security. [passage omitted]

Pang Weiqiang, PLA Hainan provincial commander, made the opening speech. He said: It is of great significance that we hold a military athletic meeting to celebrate the 40th anniversary of the liberation of Hainan. Through the athletic meeting we will further carry on the spirit of revolutionaries of the older generation, a spirit of plain living and tenacious and hard struggle, to build our precious island, for whose liberation thousands upon thousands of martyrs gave their lives, into a stable, prosperous, and civilized extraordinary special economic zone. Through this meeting we will also review the results of intensive military training for our Army and militia. We should promote military sports activities and carry out in depth the drive to make our island rich and build up its military power. We must see to it that the military training is successful, truly improving the fighting capacity of our Army. All officers and men must continuously study the mass line, and further strengthen the unity between the Army on the one hand, and the government and people on the other, to make greater contributions to the building of Hainan extraordinary special economic zone.

Vice Governor Wang Yuefeng also gave a speech at the opening ceremony. He said: Today is the 40th anniversary of the liberation of Hainan. To mark this occasion, the provincial government and the PLA Hainan Provincial Command jointly hold this military athletic meeting to review the results of [words indistinct]. On behalf of the provincial government and the people of all nationalities throughout the province, I extend warm greetings to this meeting. I would also like to tender sincere homage to veteran cadres and people of the old revolutionary base area, who have made contributions to the liberation of Hainan, and to officers and men and militiamen who have contributed to the building and protection of Hainan. [passage omitted]

Henan's Hou Zongbin Inspects Town Enterprises

HK0105131590 Zhengzhou Henan Provincial Service
in Mandarin 2200 GMT 29 Apr 90

[Text] Provincial party committee Secretary Hou Zongbin on 28 April, inspected some enterprises at (Zhulin) village and (Huiguo) town in Gongxian County, and held discussions with local cadres and people.

At (Zhulin) village, Hou Zongbin visited a brick plant and a pharmaceutical factory run by the village. When discovering that peasants named (Li Changan) and (Li Zhuming) were all living in two-storied houses and using liquified petroleum gas for cooking, Secretary Hou Zongbin was very happy and repeatedly nodded his head. After listening to a briefing made by (Zhao Mingan), secretary of the village party branch, Secretary Hou Zongbin said that (Zhulin) village, on the one hand, built material civilization and on the other, promoted spiritual civilization. This is quite right. Developing township and town enterprises can not only promote agricultural development and create more jobs for surplus labor force in rural areas, and can also raise the people's living

standards and strengthen the ties between cadres and the people. Hou Zongbin hoped (Zhulin) village would consolidate what it had achieved and continue to develop, and at the same time, would spur on the rural areas around it to follow its example and achieve common prosperity.

In the afternoon, Secretary Hou Zongbin inspected a synthetic pharmaceutical factory and a chemical fibre plant at (Huiguo) town of Gongxian County. He pointed out that it is necessary to actively support and guide township and town enterprises to develop steadily in the process of improvement and rectification, strengthen their management, readjust their product mix, raise the quality of their products, and improve their economic results.

Henan Secretary Hou Zongbin Inspects Village

HK2704134590 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 23 Apr 90

[Text] Hou Zongbin, secretary of the Henan Provincial CPC Committee, and Zhang Zhigang, member of the Standing Committee of the Henan Provincial CPC Committee, inspected Liuzhuang village in Xinxian County.

In Liuzhuang village, they met with Xu Laite, a well-known model peasant throughout the country, who is also a member of the National People's Congress Standing Committee and secretary of the Liuzhuang village CPC Branch.

Comrade Xu Laite briefed the provincial leaders on the development of the village over the past 40 years and showed the provincial leaders around.

Comrade Hou Zongbin and Comrade Zhang Zhigang inspected a paper-making factory and a machinery plant and also visited a number of peasant households.

At noon, Comrade Hou Zongbin and other provincial leaders had lunch in a number of peasant households and paid for their lunch.

After lunch, Comrade Hou Zongbin held talks with the peasants for more than three hours.

Comrade Hou Zongbin said that all the CPC members and cadres in Henan should learn from Comrade Xu Laite, who has set a fine example in maintaining close ties with the masses. The leading cadres at all levels should learn from Comrade Xu Laite's spirit of utter devotion and fine work style.

Before leaving the village, Comrade Hou Zongbin wrote the following inscription for the people, which reads: "Steadfastly Take the Socialist Road."

Henan Official Addresses Rally Marking Labor Day

HK0205065990 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 30 Apr 90

[Excerpt] A grand rally was held to celebrate International Labor Day at the provincial auditorium of the people in Zhengzhou, capital of the province, yesterday morning. The meeting was presided over by (Fu Zhiping), chairman of the provincial trade union. Some 3,000 people attended, including: Provincial party, government, and military leaders Hou Zhongbin, Cheng Weigao, Yao Minxue, Hu Xiaoyun, Yang Xizong, Lin Yinghai, (Han Jinhao), (Zhang Zhixia), Zhang Zhigang, Dong Guoqing, Hou Zhiying, Qin Kechai, Song Zhaosu, (Liu Guangxiang). Representatives of model workers who were awarded national and provincial "1 May" medals and certificates of merit; and representatives from all walks of life in the capital.

Hu Xiaoyun, provincial party committee deputy secretary and vice governor, extended, on behalf of the provincial party committee and government, warm greetings to workers, peasants, intellectuals, and other laborers, who work hard on various fronts. He also availed himself of the occasion to renew assurances of the highest consideration to model workers and advanced personages who have made outstanding contributions to the building of material and spiritual civilizations in the province. Hu Xiaoyun said: The working class in our province not only performed immortal deeds during the New-Democratic Revolution but have also made great contributions to socialist modernization. Particularly during the turmoil and counterrevolutionary rebellion as spring turned to summer last year, the working class in our province stood another severe test. Facts show that the working class in our province has intense political and ideological consciousness, and a high sense of discipline and organization, and that the working class is a powerful force our party can rely upon entirely and have faith in. Hu Xiaoyun pointed out that given the existing pressure from abroad and difficulties at home, we should first of all maintain political, economic, and social stability. It is an issue that concerns the overall situation and also the most important task for the whole party. Six million workers throughout the province have a heavy historical responsibility on their shoulders in accomplishing this task of the greatest importance. The working class of our province should carry forward the glorious tradition of plain living and hard struggle and make new contributions. Trade unions at all levels should lead their members to persist in the "double increase and double economy" drive and socialist labor emulation drive, actively raise rationalization proposals, and make inventions. Hu Xiaoyun also called on the workers to learn from the "iron man," act as masters of the country, and emulate each other in making contributions. He emphasized that we should rely upon the working class to run socialist enterprises properly. To rely upon the working class wholeheartedly, what matters is that leading cadres at all levels must have

the mass viewpoint, truly regarding the workers as masters. It is necessary to strengthen political education among workers so that they will have a real understanding of their position and role. [passage omitted]

Official Views Economic Work in Hunan

HK2704101190 Changsha Hunan Provincial Service
in Mandarin 2200 GMT 24 Apr 90

[Excerpts] Shun Wenshen, deputy secretary of the provincial party committee, took part in the group discussion of Zhuzhou City delegation to the Third Session of the Seventh Provincial People's Congress. He said that doing economic work properly concerns not only economics but also politics. It has everything to do with political and social stability. [passage omitted]

He continued: Governor Chen Bangzhu dwelled on the building of clean and honest government in his government work report. What counts is implementation of the decisions. It is necessary to do a good job of three things: Ideological education, investigations and handling of criminal cases, and setting up of all kinds of regulations. Corrupt officials are in the minority. They cannot represent the party and the whole cadres. While stepping up the building of a clean and honest government, it is necessary to forge closer relations between the party and the masses. Responsible members of all levels of governments and departments must have a full understanding of the significance of this issue. We must regard serving the people whole-heartedly as the starting point and destination of all our activities.

Southwest Region

May Day Celebrations Held in Guizhou Province

Liu Zhengwei, Others Attend

HK0205101890 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 1 May 90

[Text] Yesterday, provincial party, government, and military leaders, including Liu Zhengwei, secretary of the Guizhou Provincial CPC Committee; Li Wanlu, secretary of the Guiyang City CPC Committee; and Kang Huzhen, political commissar of the Guizhou Provincial Military District; joined more than 100,000 people of all nationalities in Guiyang to celebrate the "1 May International Labor Day."

Yesterday, the weather was fine. Guiyang City was full of a festival atmosphere. Guiyang's People's Square, Heping Park, and Qianlin Park were all beautifully decorated.

Early in the morning, tens of thousands of people arrived at Guiyang's Workers' Cultural Palace to attend a series of celebration activities. A lot of young men and women were seen dancing in the Dance Hall or in the open air inside the Workers' Cultural Palace.

Accompanied by their parents, tens of thousands of children joyfully played all sorts of games inside the Heping Park and the Qianlin Park.

In the evening, more than 1,000 staff and workers held an evening party in celebration of the "1 May International Labor Day" inside the Guiyang Cultural Palace. A lot of excellent performances were staged at the party, which were warmly applauded by the audience.

Provincial party, government, and military leaders, including Liu Zhengwei, Li Wanlu, and Kang Huzhen, also attended an evening party jointly held by the Guiyang City CPC Committee and the Guiyang City People's Government in celebration of the "1 May International Labor Day" in Guiyang yesterday evening.

Official Addresses Rally

HK0105130590 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 30 Apr 90

[Excerpts] On 30 April, all model workers who had attended the provincial meeting to cite them, together with 700 industrial workers across the province, gathered in the provincial government auditorium to solemnly celebrate International Labor Day.

Provincial party, government, and military leaders Liu Zhengwei, Wang Chaowen, Su Gang, Ding Tingmo, Zhang Shukui, (Hu Kehui), Liu Hanzhen, Kang Huzhen, Luo Dengyi, Gong Xianrong, Wang Anze, Tang Hongren, Jian Xianai, Li Wanlu, Wang Shouting, old comrades (Li Tinggui), (Chen Xingguang), (Zhong Xianhui) et al attended the meeting.

Ding Tingmo, deputy secretary of the provincial party committee, first gave a speech at the rally.

He said: Comrades, we are gathering here today to solemnly mark International Labor Day. [passage indistinct] On behalf of the provincial party committee, I extend warm greetings to model workers, workers, and their families. Our party and state are presently at a crucial period of historical development and [words indistinct] have entered a period when we have to overcome the toughest difficulties. We have to rely upon the working class whole-heartedly, giving full play to their role as the principal force. [words indistinct] The working class should continue displaying their revolutionary spirit, steadfastly uphold the four cardinal principles, stick to the policy of reform and opening [words indistinct]. It is necessary for the working class to act as the backbone of the people, carry forward the spirit of self-reliance, keep up the practice of plain living and hard struggle, and unite as one to fulfill their responsibilities.

Guizhou Holds Workers Commendation Meeting

*HK0105115390 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 29 Apr 90*

[Text] The Guizhou Provincial People's Government held a meeting to commend model workers in Guiyang today.

A total of 314 model workers and advanced people from various fronts of Guizhou Province were commended at the meeting.

At 0930 this morning, provincial party, government, and military leaders, including Liu Zhengwei, secretary of the Guizhou Provincial CPC Committee; Wang Chaowen, deputy secretary of the Guizhou Provincial CPC Committee and concurrently governor of Guizhou Province; Su Gang, chairman of the Guizhou Provincial CPC Advisory Committee; Ding Tingmo, deputy secretary of the Guizhou Provincial CPC Committee; Zhang Shukui, member of the Standing Committee of the Guizhou Provincial CPC Committee and concurrently vice governor of Guizhou Province; Hu Kehui, member of the Standing Committee of the Guizhou Provincial CPC Committee; Liu Hanzhen, secretary of the Guizhou Provincial Discipline Inspection Commission; Kang Huzhen, political commissar of the Guizhou Provincial Military District; and others, attended the meeting and were seated at the rostrum.

The meeting was presided over by Liu Yulin, vice governor of Guizhou Province.

Comrade Wang Chaowen delivered a speech at the meeting.

In his speech, Comrade Wang Chaowen said that when turmoil and counterrevolutionary rebellion broke out in Beijing between spring and summer last year, the people of all nationalities in Guizhou steadfastly adhered to "One Center, Two Basic Points," resolutely opposed bourgeois liberalization, successfully withstood the test of political turmoil, comprehensively implemented the principle of improving the economic environment, rectifying the economic order, and deepening the reform, and adopted a series of measures in light of the actual conditions in Guizhou to safeguard the fine political situation of stability and unity, thus maintaining a sustained and steady growth of Guizhou's provincial national economy. As a result, a large number of model workers and advanced people emerged on all fronts of Guizhou. They have set a lot of fine examples for the people in Guizhou and have epitomized the fine quality of the Chinese nation and the revolutionary traditions of the CPC as well.

Comrade Wang Chaowen called on the people of all nationalities in Guizhou to learn from them and set off a new upsurge of learning from, catching up with, and surpassing, model workers and advanced people.

Comrade Wang Chaowen expressed that hope that all the model workers and advanced people commended at

the meeting will continue to remain modest, make continued efforts to make contributions to the building of both the socialist material civilization and the socialist spiritual civilization, take the lead in developing the spirit of hard work and self-reliance and in adhering to the CPC's mass line, safeguard the fine political situation of stability and unity in Guizhou.

Guizhou's Liu Zhengwei Gives Speech

*HK2704081790 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 23 Apr 90*

[Recorded speech by provincial party committee Secretary Liu Zhengwei for the opening of the special column "I Add Splendor to Guizhou"]

[Excerpts] Beginning from 23 April, the Guizhou People's Broadcasting Station will run a special column—I Will Add Splendor to Guizhou—in the province-wide hook-up and news cast in the morning to publicize advanced figures and units on all fronts of Guizhou who do their work splendidly in implementing the reform and opening up policies, and carrying out economic rectification under the leadership of the CPC; and to give publicity to their spirit of carrying out the reform, spirit of hard, pioneering work, and spirit of making sacrifices. This work is of great significance. I extend heartfelt congratulations on the opening of the special column. I expect and believe that it will succeed. [passage omitted] A fine example has boundless power. During the 1960's, we successfully publicized a number of advanced examples including Lei Feng, Jiao Yulu, and Wang Ping. Their spirit of challenging heroes is still of great influence and vitality. Giving wide publicity to the noble mental attitude of the advanced and singing the praises of the main melody of our times, can set an example for large numbers of party members, further arouse the enthusiasm and creativeness of the people, and promote the building of socialist material and spiritual civilization. [passage omitted]

Broadcasting is a good teacher and helpful friend for the masses of the people, which is prompt and has extensive influence. A large coverage of socialist new people, new things, and new habits and ways of doing things through broadcasting can set good examples for the broad masses of the people in society, inspire them to see how things will develop from the first small beginnings, and promote the improvement of party's work style and social mood. [passage omitted]

Guizhou Governor Views Bijie's Development

*HK2604123090 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 25 Apr 90*

[Excerpt] The Guizhou Provincial CPC Committee and the Guizhou Provincial People's Government held their second work meeting on Bijie's development in Bijie Prefecture from 21 April to 22 April.

The meeting reiterated a series of measures aimed at developing Bijie Prefecture and enabling Bijie Prefecture to shake off poverty and also discussed a number of projects currently under construction and a number of planned projects as well.

The meeting was attended by a number of responsible persons of the United Front Work Department of the CPC Central Committee, the relevant departments of the State Council, various democratic parties, and All-China Federation of Industry and Commerce.

Provincial party and government leaders, including Wang Chaowen, deputy secretary of the Guizhou Provincial CPC Committee and concurrently governor of Guizhou; Su Gang, chairman of the Guizhou Provincial CPC Advisory Committee; Zhang Shukui, vice governor of Guizhou; and others attended the meeting.

Bijie Prefecture has been designated by the State Council as a zone for conducting experiments on the work of development and for shaking off poverty. [passage omitted]

Song Jian Attends Sichuan Workers' Rally

HK0105115190 Chengdu Sichuan Provincial Service in Mandarin 0915 GMT 29 Apr 90

[Excerpts] More than 1,300 workers of Sichuan Province and Chengdu City today held a grand rally at the Chengdu City Workers' Cultural Palace to mark the 1 May International Labor Day. [passage omitted]

The rally started at 0900. Provincial Workers' Federation Chairman (Wang Zhengjiang) first made a speech entitled: The working class should strive for the party's cause with one heart and one mind. [passage omitted]

Governor Zhang Haoru, also deputy secretary of the provincial party committee, delivered a speech at the meeting on behalf of the provincial party committee and government. Governor Zhang pointed out: [Begin recording] "All workers of our province should take Wang Jinxi and other heroes as examples and work hard to carry forward the progressive thinking and fine traditions of the working class. All workers should do their own job well, give full play to their intelligence and wisdom and creativeness around the key task of improving economic results, extensively launch the activities of bringing forward rationalization proposals, inventions, and innovations, actively suggest ways and means for the development of production, pay attention to science, work hard, and further push forward in depth the socialist emulation drive of increasing production and practicing economy, increasing revenue and cutting expenditure." [end recording]

State Councillor Song Jian, also minister of the State Scientific and Technological Commission; Wu Jinghua, vice minister of the State Nationalities Affairs Commission; Tian Bao, a member of the Central Advisory Commission; attended the meeting. In the name of the

State Council, Song Jian extended in his speech festive congratulations to all workers of Sichuan Province. He said: [Begin recording] "The world economy is now developing vigorously. Science and technology are still performing an important function in economic development and social progress. So everyone of us should learn and apply science and throw ourselves into the activities of bringing forward rationalization proposals, inventions, and innovations and try to be masters of promoting scientific and technological advancement and the development of the productive forces." [end recording] [passage omitted]

Sichuan's Yang Rudai Inspects Rural Areas

HK0105114990 Chengdu Sichuan Provincial Service in Mandarin 0915 GMT 29 Apr 90

[Excerpts] In the second half of April, provincial party committee Secretary Yang Rudai made a thoroughgoing and painstaking investigation and study in some rural areas and factories in Leshan City; held discussions with local cadres and people on the present industrial and agricultural production; and on some problems that are of much concern to the masses of the people. [passage omitted]

Wherever he went during the investigation and study, Comrade Yang Rudai purposely inquired of local people about their income and lives. When he was told of heavy burdens on the shoulders of peasants because of the serious practices of unjustified financial levies, deliberately collecting fees and imposing fines in some rural areas, with which peasants are much discontented, Comrade Yang Rudai said with sincere words and earnest wishes: The problems should be seriously solved. Leaders at different levels should really care for the sufferings of the people and sincerely do some actual things for the masses and help them overcome difficulties. Comrade Yang Rudai pointed out: To lighten the burden on the shoulders of the peasants, aside from strictly implementing policies and adhering to the measures of two opennesses and one supervision, the key to the problem lies in developing production and expanding the collective economy. [passage omitted]

Further on Lifting of Martial Law in Tibet

XINHUA Reports

OW0105185390 Beijing XINHUA Domestic Service in Chinese 0845 GMT 1 May 90

[By reporters Ma Ping (7456 1627) and Cheng Honggen (4453 4767 2704)]

[Excerpts] Lhasa, 1 May (XINHUA)—The state of martial law ended at 0000 on 1 May in Lhasa. At the same time, officers and men of the Liberation Army undertaking the task of martial law enforcement began to withdraw from various sentry posts, while the masses of Tibetans in nearby areas vied to come to bid farewell to them.

On the evening of 30 April, the square in front of the Jokhang Temple was as crowded as usual. Some people were turning prayer wheels; others were strolling around. When the news about lifting martial law in Lhasa came, people could not help talking about this matter. A Tibetan woman with a baby in arms said in delight: "Lifting the martial law means that the situation has become stable in Lhasa. This makes everyone satisfied and relieved."

At 2030 leading comrades of the party, government, and Army of the Tibet Autonomous Region arrived at the Jokhang Temple Square to extend cordial regards to the officers and men who were about to complete their task and leave the posts. Hu Jintao, secretary of the regional party committee, and other leading comrades shook hands with the officers and men, one by one, and thanked them for the contributions they had made to stabilizing the situation in Lhasa. In response, the officers and men warmly applauded the leading comrades of the autonomous region.

At 0000 sharp, Senior Colonel Gui Quanzhi, a leader of the martial law enforcement troops, made the announcement of withdrawal from the sentry posts to all officers and men on duty. After leaving their sentry posts, the fighters lined up in the square. Then, the Tibetan cadres and masses who had been waiting there went forward to offer every commander and fighter a white hada [silk scarf] and presented them with highland-barley wine and buttered tea. [passage omitted]

By 0030 on 1 May, the martial law enforcement troops had withdrawn from all sentry posts.

Station Commentary

HK0105132390 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 30 Apr 90

[Text] We are now broadcasting this station's commentary: "Stabilizing the Situation Conforms with the Desire of the People."

Premier Li Peng signed an order of the State Council on lifting martial law in Lhasa City. This important policy decision marks a vital victory of our region in the anti-splittist struggle, and further stabilizing the political situation in our region. It also tells the whole world that the political situation in our country is stable.

Since September 1987, riots had repeatedly occurred in Lhasa with the aim of advocating the independence of Tibet. Our law was trampled underfoot, and our social stability was undermined. The lives and property of our people were severely harmed. Under such circumstances, in accordance with the stipulations contained in our Constitution, the State Council issued an order, announcing that martial law would be imposed in Lhasa in the early hours of 8 March 1989. Over the past year or so, under the correct leadership of the CPC Central Committee, the State Council, and the Central Military

Commission, the party, government, military authorities, police, and people in our region made concerted efforts to repeatedly crush the activities of the splittist elements in our region of trying to stir up trouble, and dealt blows at their arrogance, to stabilize the political situation, and restore order to normal. They created good environments for our people, so that they could live and work in peace and contentment.

Facts have forcefully proved that the enforcement of martial law was absolutely necessary, and that it was completely correct. It represented the basic interests of our people, and conformed with the common desires of the people. Therefore, it enjoyed enthusiastic and firm support of the people from various circles and nationalities in our region.

During the past year or so, the martial law enforcement troops of the People's Liberation Army in Lhasa executed the order of martial law issued by the State Council. They closely cooperated with the local people's armed police force, and public security cadres and policemen to defend the unity of the motherland, nationality solidarity, and ensure the stability of the political situation as a whole. They made immortal contributions to the motherland and the people. They have enjoyed the sincere support of the broad masses of people in our region because of their exemplary actions.

As the situation has been basically stable, the State Council has made a prompt decision on lifting martial law in Lhasa. It is equally necessary, and completely correct for us to do so. It will surely further promote the deepening of reform and opening up in our region. It will also further stabilize the political situation in our region, and promote work in various aspects. At present, judging from the situation as a whole, the political situation in our region is stable. It has been achieved owing to the efforts exerted by party, government, military authorities, policemen, and people. It is our hard-earned victory. We must value and treasure it. Our country needs stability, and our people desire stability. Stability is above everything else. Therefore, our party and government leaders at all levels, and masses from various nationalities must firmly develop the idea of taking stability as our overriding task. We must proceed everything from stability, and subordinate everything to stability, and do everything in the interest of stability. We must resolutely wage a tit-for-tat struggle against words and deeds which harm stability.

We must resolutely rely on the masses to uphold and further develop the stable political situation. We must firmly implement the spirit of the sixth plenary session to form closer flesh-and-blood ties between the party and the masses.

Although martial law has been lifted, the anti-splittist struggle has not ended. We must continue to maintain a sober mind and heighten our vigilance. Regarding those splittist elements who regard the people as their foes, and other hostile elements, we must mobilize the masses, and

rely on the people to use the iron fist of the people's democratic dictatorship to deal severe blows at them.

People from various circles and nationalities in our region must unite closer to make a contribution to safeguarding the unity of the motherland, and nationality solidarity, and stabilizing the political situation in Tibet, and bringing about a prosperous economy in our region. They must go all out to struggle hard to strive for a still greater victory in the anti-splittist struggle and economic construction.

Government Leaders in Tibet Celebrate May Day

OW0105145990 Beijing XINHUA in English
1337 GMT 1 May 90

[Text] Lhasa, May 1 (XINHUA)—When the first rays of dawn appeared in this capital city of Tibet, two Tibetan girls hurried to the Norbulingka Park where they put up a color tent, placed Chingko wine, buttered tea and various light refreshment in the tent and then sat to wait for other family members for a day's outing.

"We came here to celebrate the May First International Labor Day, which coincides with the first day of the lifting of the martial law imposed on the region 13 months ago," said the elder girl.

Around 10:00 hours today, groups of Tibetans, old and young who were clad in their holiday best, poured into the Norbulingka Park, onetime summer palace of Dalai Lama, Longwangtan (Dragon King Lake) Park and Taiyangdao Park.

A 50-year-old Tibetan, named Moinma, a latecomer, said with regret that his family could not find a better place for his tent on the 360,000-square-meter lawn in the Norbulingka Park.

"The family spends its holidays in the park at least twice a year even after the martial law was imposed in Lhasa on March 8th last year," Moinma said.

A young man who was playing cards in a neighbouring tent said: "Lifting of the martial law in Lhasa shows that the situation is stable and we feel secure."

In a large tent at the park center, trade unionists of the Agricultural Committee of the Tibet Autonomous Region were greeting a Tibetan veterinarian who won a national "May First" labor medal.

Celebrations came to a climax at noon as people began to dance to the music of "Swan Lake", "Blue Danube" and some Tibetan folk songs.

Among the holiday makers were Hu Jintao, secretary of the Chinese Communist Party Committee of the Tibet Autonomous Region, and other local party and government leaders.

Social, Economic Stability in Tibet Viewed

OW3004015790 Beijing XINHUA Domestic Service
in Chinese 1417 GMT 29 Apr 90

[By reporters Ma Ping (7456 1627) and Cheng Honggen (4453 4747 2704)]

[Text] Lhasa, 29 Apr (XINHUA)—Political stability has prevailed in the Tibet Autonomous Region over the past year, where the economic construction develops steadily and the people live and work in peace and contentment.

Since the imposition of martial law in Lhasa last year, officers and men of the People's Liberation Army [PLA] have stood fast at their sentry posts day and night. Performing duties with civility, the PLA officers and men have always politely asked people to show their identification when they pass the sentry posts and, after examination, have said: "Thank you, you may pass!" The officers and men have also given a smart military salute to vehicles, be it a small or big one, when they drive through the posts. Over the past year or so, the PLA officers and men have closely coordinated with the local military units and public security cadres and policemen in maintaining the tranquility in Lhasa, thereby winning the people's admiration and support.

According to reports, in 1989 the autonomous region's total grain output reached 530 million kg, a record figure; the gross industrial output value was 220 million yuan, up 9.4 percent from the previous year; the total output value of national handicraft industry amounted to 41 million yuan, an increase of 2.7 percent over 1988; the total volume of export and import trade was \$30.67 million, 39 percent more than the preceding year; at the same time, both buying and selling were brisk and prices remained stable at the markets. A number of energy, transportation, agricultural, and animal husbandry construction projects invested in by the state have proceeded smoothly.

Key temples and ancient architecture have been maintained and repaired at varying extents. A major renovation project for Potala Palace, for which the central authorities have especially appropriated 35 million yuan, will be started soon. Over the past year, Buddhist activities have been carried out as usual. During visits to the major temples in Lhasa, the reporters witnessed a continuous stream of religious believers making pilgrimage to Buddha. The pilgrims came from various parts of Tibet, and from as far away as Qinghai, Sichuan, and Yunnan. Chairman Qiangba Kezhu of the Jokhang Temple People's Management Committee said: Thanks to the party and government's kind concern for the masses of monks, the party's policy on the freedom of religious belief has remained unchanged and we monks are very satisfied.

The broad masses of people and personages in various circles in Tibet are very pleased with the increasing political stability and steady development in all fields of endeavor in Tibet. Their consensus is: We were worried

by the disturbance in Lhasa. But after the imposition of martial law, the order has been restored and the party's policy has remained unchanged. We feel at ease now because the people of all nationalities in Tibet sincerely yearn for social stability in Tibet.

Martial Law Troops Hold Commendation Meeting

*OW3004011090 Lhasa Tibet Television Network
in Mandarin 1200 GMT 27 Apr 90*

[By station correspondents Shuai Lei and Zhang Zhongquan, from the "Tibet News" program—announcer-read report over video]

[Text] [Video opens with a long shot of an elevated stage where about 30 officials in both military and civilian clothes are seen seated at two long tables facing an audience of about 200 uniformed people, followed by medium shots of officials on stage and occasional panshots of audience] The Lhasa martial law troops held a meeting on the afternoon of 26 April to commend 10 units and 10 individuals for performing duties with civility.

Autonomous regional party, government, and military leaders Hu Jintao, Tian Congming, Danzim, Gyamco, Zhang Shaosong, and Gao Changjin, as well as officials from the autonomous regional public security department, the autonomous regional armed police force, and Lhasa City relevant departments, attended the commendation meeting.

Resolutely implementing the orders and instructions of the party Central Committee, the State Council, and the Central Military Commission, the Lhasa martial law troops have always performed duties with civility and according to the law over the past year, thereby fostering an image of civilized, mighty, and victorious troops along with their outstanding contributions to safeguarding the motherland's unification, national unity, and the long-term stability in Lhasa. Of the many advanced units and individuals reported, the 10 advanced units and 10 individuals were commended for their brilliant performance of duties with civility.

At the meeting, the martial law troops presented banners, certificates, and prizes to the advanced units and individuals, and called on all officers and men to emulate them in performing duties with civility.

Dalai Lama Calls on China for Autonomous Tibet

*OW2004133090 Tokyo KYODO in English 1257 GMT
20 Apr 90*

[Text] Dharamsala, India, April 20 KYODO—The Dalai Lama, the Tibetan spiritual leader, called on China Thursday [19 April] to respond sincerely to his proposals for an autonomous Tibet. In a 40-minute interview with KYODO NEWS SERVICE in his exile home in Dharamsala, 250 kilometers north of New Delhi, the Dalai criticized China for having shown no willingness to restart a dialogue to resolve the Tibetan problem. The

Nobel Peace prizewinner said he has not received any official response from Beijing since last April when he expressed his willingness to send three of his officials to Hong Kong for talks with the Chinese Government to end the deadlock.

The 54-year-old religious leader, who fled to India in 1959, when an uprising against Beijing's control failed, said he still stands by proposals he made in 1988 to the European Parliament for an autonomous Tibet, with foreign and defense responsibilities remaining in Beijing's hands. Acknowledging the criticism of some radical Tibetans, who have accused him of "selling out" Tibet to China, the Dalai Lama said that, due to changing times and considering the future, his "middle way" was an appropriate way to solve the problem of thousands of Tibetans being arrested, tortured, or killed in their country.

The Dalai Lama said Beijing had taken a tougher stand on Tibet since he won the 1989 Nobel Peace Prize for his nonviolent struggle. He feared that the Chinese had stepped up their vigilance in many parts of Tibet and have even sent tanks to Lhasa to supplement the 300,000 troops stationed there.

The Tibetan spiritual leader said he was certain that in the next five to 10 years a major political reform would engulf China, even though the current leadership succeeded in stalling a prodemocracy movement in Beijing last year.

The Buddhist monk emphatically refused to play any political role in Tibet in future, even if he is elected through a democratic process by his people. So long as Tibetans need the institution of the Dalai Lama, his successor, the 15th Dalai Lama, will appear and if the Tibetan people feel that the institution is not necessary, then there is no need for it, he said.

Referring to the Muslim separatist movement in India's northern state of Jammu and Kashmir, where militants have been demanding independence or its transfer to Pakistan, the Dalai Lama said, "I believe the 1948 solution to the Kashmir problem was wrong since I believe that the achievement of a solution through force is not a genuine one. So the problem persists even after four decades." He said the only solution to the problem lies in nonviolence and a dialogue between India and Pakistan.

On Nepal, where a mass uprising recently succeeded in bringing about a democratic system, the Dalai Lama said he was happy that Nepal's King Birendra, after seeing the situation, had conceded to popular demands.

Northeast Region

15 Apr Heilongjiang Mine Blast Kills 30

HK0205102290 Hong Kong AFP in English
1015 GMT 2 May 90

[Text] Beijing, May 2 (AFP)—Thirty people were killed and 11 injured when an "extraordinarily serious" explosion ripped through a coal mine in China's northeastern Heilongjiang Province, said an official report received here Wednesday.

The blast took place April 15 when a power outage brought the Taoshan colliery's ventilation system to a halt, prompting a build-up of explosive gases, said a transcript received here of a radio report in the provincial capital Harbin.

Liaoning's Quan Shuren Attends Lawsuit Talk

SK0205062090 Shenyang Liaoning Provincial
Service in Mandarin 0930 GMT 26 Apr 90

[Text] On the morning of 26 April, the provincial people's government sponsored a lecture on the knowledge of administration procedural law at the Liaoning Renmin theater.

Attending the lecture were leading comrades from the six provincial level leading bodies, including Quan Shuren, Sun Qi, Wang Julu, Chen Suzhi, Zhang Tiejun, Zuo Kun, and Cheng Jinxiang; leading cadres who are attending the first study class on administration procedural law; and cadres at or above the section level from the provincial level organs—more than 2,000 persons in total.

At the lecture Gu Angran, vice chairman of the Legislative Affairs Commission under the National People's Congress Standing Committee, delivered a report on the relevant issues of the administration procedural law.

Zhang Tiejun, vice chairman of the provincial People's Congress Standing Committee, delivered a speech at the lecture, in which he stated that efforts should be made to fully discern and totally understand the importance on enforcing the lawsuit system, to straighten out all blurred understanding in this regard, and to unify the thinking of the broad masses of citizens and particularly of leading cadres. He stressed: There is only a little more than five months left until the beginning of enforcement of the administration procedural law. The people's congresses and governments at all levels should earnestly do a good job in making preparations for the enforcement. Cadres in administrative organs should master through study the basic knowledge of administration procedural law; make efforts to upgrade their administrative level in enforcing the law; and should not only strictly and accurately enforce the law and avoid, as much as possible, taking unnecessary administrative legal proceedings, but also pay attention not to adopt a negative attitude toward enforcing the law or making things

inconvenient for enforcing the law just because of fear of being defendants, of appearing in court to defend a suit, and of losing a lawsuit.

Speaks at College Forum

SK0205025090 Shenyang Liaoning Provincial Service
in Mandarin 2200 GMT 30 Apr 90

[Excerpts] On the afternoon of 30 April, the Propaganda Department of the provincial party committee, the provincial Education Commission, and the provincial Committee of the Communist Youth League [CYL] invited 100-odd young teachers and students of the Dongbei Engineering College, the Liaoning University, the Chinese Medical College, and the Shenyang Teachers College to a forum for marking the 1 May Labor Day and the 4 May Youth Day. Attending the forum were Quan Shuren, secretary of the provincial party committee; Wang Julu, deputy secretary of the provincial party committee; and Wang Wenyuan, vice governor of the province.

During the forum, young teachers and college students spoke their minds freely, and warmly talked with leading comrades of the provincial party committee and the provincial government on the healthy growth of young intellectuals, on strengthening the study of the basic theory of Marxism, on integrating intellectuals with workers and peasants, on pondering on the political storm that broke out at the turn of spring and summer last year, and on the recent development of the ranks of teachers and remunerations to teachers.

(Jiang Daofa), currently teacher of the (?Dongbei Engineering College), had worked for 10 years at a mine right after graduation from a college. There, he had contributed to improving miners' work environment and their avoiding accidents resulting in injuries and deaths. After he was admitted to a graduate school, he studied engineering safety, and scored achievements in this regard. Comrade Quan Shuren fully affirmed (Jiang Daofa) for following the road of integrating intellectuals with workers. [passage omitted]

Comrade Quan Shuren said at the forum: Youths should set strict requirements on themselves; should persist in a correct political orientation; and should become persons with lofty ideals, moral integrity, cultural accomplishments, and a sense of discipline. To attain this goal, youths should have a correct understanding, should participate in social practice, and should go deep into workers and peasants to summarize [words indistinct].

Quan Shuren advocated that college students should conduct an investigation of the conditions of the country, the province, and various cities in order to understand the history and current social situation, to understand [words indistinct], and to be more confident that socialism will certainly save China.

Also speaking at the forum were Wang Julu, deputy secretary of the provincial party committee; Wang

Wenyuan, vice governor of the province; and Jin Dong, secretary of the provincial CYL committee.

Northwest Region

Gansu Congress Standing Committee Meeting Ends

HK0105131390 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 28 Apr 90

[Text] The eight-day 14th meeting of the Standing Committee of the Seventh Gansu Provincial People's Congress concluded in Lanzhou yesterday afternoon.

The closing ceremony was presided over by Xing Anmin, vice chairman of the Standing Committee of the Gansu Provincial People's Congress.

The meeting unanimously adopted "The Gansu Provincial Regulations of Assembly, Procession, and Demonstration" and "The Gansu Provincial Regulations of Product Quality Supervision (For Trial Implementation)."

The meeting also appointed Comrade Zhu Zhuoyong chairman of the Gansu Provincial Economic Structural Reform Commission.

The meeting was attended by a total of 35 people, including Yang Fuxing, Li Fusheng, Wang Daoyi, Li Wenhui, Liu Ying, Ma Yuhai, and Liu Yuhai, vice chairmen of the Standing Committee of the Gansu Provincial People's Congress, and all the members of the Standing Committee of the Gansu Provincial People's Congress.

Wang Jintang, vice governor of Gansu Province, Qin Ding, president of the Gansu Provincial Higher People's Court, and responsible persons of the Gansu Provincial People's Procuratorate and various provincial departments also attended the meeting as non-voting delegates.

Gansu Labor Day Celebration Rally Held

HK0105131790 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 28 Apr 90

[Text] More than 1,000 model workers and representatives of advanced collectives attended a rally in Lanzhou yesterday afternoon to celebrate the "1 May International Labor Day," and to commemorate the 40th anniversary of the founding of the Gansu Provincial Federation of Trade Unions.

Provincial party, government, and military leaders, including Li Ziqi, secretary of the Gansu Provincial CPC Committee; Jia Zhijie, deputy secretary of the Gansu Provincial CPC Committee and concurrently governor of Gansu Province; Lu Kejian, deputy secretary of the Gansu Provincial CPC Committee; Wu Jian, chairman of the Gansu Provincial CPC Advisory Committee; Zhou Yuechi, commander of the Gansu Provincial Military District; and others, attended the rally.

Wang Jinzhong, president of the Gansu Provincial Federation of Trade Unions, delivered a speech at the rally.

Provincial party, government, and military leaders conferred certificates of merit and medals on 19 model workers and on representatives of a number of advanced collectives at the rally.

Gansu CPC Secretary Inspects Dingxi County

HK0105121390 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 28 Apr 90

[Text] Li Ziqi, secretary of the Gansu Provincial CPC Committee, and Han Zhenqing, member of the Standing Committee of the Gansu Provincial CPC Committee, inspected Dingxi County from 27 April to 28 April.

During their inspection in Dingxi County, the two provincial leaders called for continued efforts to further the work of reclaiming barren mountains and improving the basic agricultural production conditions.

Since 1983, Comrade Li Ziqi has come frequently to Dingxi County to carry out investigations and research, and has thus far visited a total of 25 townships and towns in the country.

In Dingxi County, the two provincial leaders held talks with some peasants and asked them about their livelihood and production, and also held discussions with the leaders of Dingxi County on the work of helping the poor, on strengthening the building of the CPC organizations at the grass-roots level, and on maintaining social order and carrying out family planning in the rural areas.

Comrade Li Ziqi said that it is necessary to continue to perfect the household contracted responsibility system with remuneration linked to output, strengthen the building of various service systems in the rural areas, develop collective economy in the villages, and apply advanced science and technology to agricultural production so as to promote a comprehensive development of Gansu's agriculture.

Comrade Li Ziqi also stressed that efforts must be made to build competent CPC branches at the grass-roots level. Such CPC branches should be capable of acting as fighting bastions at the grass-roots level and leading the broad masses of the peasants to develop agricultural production.

Attends Provincial Conference

HK0205071590 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 30 Apr 90

[Text] The Gansu Provincial Conference on Commending Advanced Entrepreneurs, which concluded in Lanzhou yesterday, called on all township and town entrepreneurs in Gansu to brace up, unite together,

strive forward, make concerted efforts, overcome difficulties, and create better conditions to promote and guide a healthy development of all township and town enterprises.

Provincial party and government leaders, including Li Ziqi, secretary of the Gansu Provincial CPC Committee; Jia Zhijie, deputy secretary of the Gansu Provincial CPC Committee and concurrently governor of Gansu Province; Ge Shiyong, chairman of the Gansu Provincial Chinese People's Political Consultative Conference Committee; Lu Ming, vice governor of Gansu Province, and others, attended yesterday's conference.

A total of 50 advanced township and town enterprises, 20 most successful peasant entrepreneurs, and 150 advanced peasant entrepreneurs were commended at the conference.

The conference also commended those units and individuals who had made outstanding contributions to building of Project No. 113, a "Spark Plan" project undertaken by Gansu Province.

The conference announced the establishment of the Gansu Provincial Association of Township and Town Enterprises.

Comrade Jia Zhijie delivered a speech at the conference.

Comrade Jia Zhijie said that an overriding task at present is to maintain overall stability in Gansu. A steady and healthy development of township and town enterprises will undoubtedly promote overall political and economic stability. To push ahead with the development of township and town enterprises, it is first of all necessary to stabilize all existing preferential policies toward township and town enterprises, particularly the contracted management responsibility system, to put an end to unfair distribution, short-term behavior, and some other problems concerning the development of township and town enterprises. Efforts must also be made to develop lateral economic associations, readjust industrial structure, raise technological standards, improve product quality, invigorate fund circulation, strengthen enterprise management, urge staff and workers to put forward more proposals aimed at improving the production of township and town enterprises, and find more and better markets for the products of Gansu's township and town enterprises.

Comrade Li Ziqi also delivered a speech at the conference.

Comrade Li Ziqi said that it is necessary to conscientiously sum up the successful experiences of Gansu's township and town enterprises and popularize such experiences. He expressed the hope that leaders at all levels, and the broad masses of cadres, will go deep to the grass-roots level to carry out investigations and research and help solve problems.

Comrade Li Ziqi urged all township and town enterprises in Gansu to apply advanced science and technology to their productions in the course of the campaign aimed at improving the economic environment and rectifying the economic order. He also demanded that all township and town enterprises attach great importance to ideological and political work and make greater efforts to train a new generation of staff and workers with lofty ideals, moral integrity, cultural accomplishments, and a sense of discipline.

Further Coverage of Qinghai Earthquake

Provincial Account of Quake

HK3004081590 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 26 Apr 90

[Text] According to an initial report released by the Qinghai Provincial Earthquake Survey Station, at 1827 yesterday, a 6.8-magnitude earthquake hit Hainan Prefecture of Qinghai Province. The earthquake was also keenly felt in Xining, Huangzhong, Datong, Gangca, and Minhe areas. A number of single-storey houses in Hualong Autonomous Prefecture, Gonghe County, and Tongde County collapsed.

Soon after the earthquake struck Qinghai, the Qinghai Provincial CPC Committee and the Qinghai Provincial People's Government called an urgent meeting to discuss the situation. Yin Kesheng, secretary of the Qinghai Provincial CPC Committee, attended the meeting and personally made arrangements for the relief work.

Tian Chengping, deputy secretary of the Qinghai Provincial CPC Committee; Wu Chengzhi, vice governor of Qinghai Province; responsible persons of the provincial departments concerned, and four medical teams rushed to the earthquake-stricken areas yesterday.

The Qinghai Provincial Earthquake Bureau also dispatched a number of work teams to the earthquake-stricken areas to carry out on-the-spot investigations there.

Moreover, the armed police troops and public security personnel stationed in Qinghai also immediately started their relief work in the areas.

Li Peng Telephones Victims

OW3004042590 Beijing XINHUA Domestic Service
in Chinese 1119 GMT 29 Apr 90

[Newsletter by ZHONGGUO QINGNIAN BAO reporter Ma Yingshan (7456 2019 3790) and XINHUA reporters Sun Ninghai (1327 1337 3189) and Dang Zhou (8093 0719): "After the Earthquake..."]

[Excerpts] Xining, 29 Apr (XINHUA)—At 1837 on 26 April, the Tanggemu and Heka area in Qinghai's Hainan Tibetan Autonomous Prefecture was hit by an earthquake registering 6.9 on the Richter Scale. [passage omitted]

The earthquake also hit the hearts of hundreds of millions of people. General Secretary Jiang Zemin and Premier Li Peng telephoned the disaster area to comfort the victims and instruct that efforts should be made to ensure a good job in delivering relief goods and overcoming the damage. Comrades Tian Jiyun and Luo Gan made specific instructions on the work to help the quake victims.

Letters and telegrams of sympathy have continued to pour into the Qinghai Plateau from various parts of the motherland, while a steady flow of relief materials has been transported to the disaster area. As of 29 March [month as received], some 900 tents, tens of thousands of cotton and leather clothes, as well as cotton beddings, woolen blankets, bowls, pots, edible oil, candles, flour, dried noodles, instant noodles, crackers, and drinks, have been delivered to the disaster area. All quake victims have moved into cotton tents and have been given sufficient foodstuffs. The Qinghai provincial government has appropriated an one million yuan special fund to help the quake victims tide over with difficulties. Said veteran driver of Tanggemu Farm, Mu Guangming: "If it were in the old society, who would take care of us?" "The party and the government have indeed regarded the people of all nationalities as members of the big family of the motherland," said a Tibetan herdsman victim Li Jiatai.

Yin Kesheng Visits Stricken County

HK0205101290 Xining Qinghai Provincial Service
in Mandarin 2200 GMT 1 May 90

[Text] Yesterday, Yin Kesheng, secretary of the Qinghai Provincial CPC Committee; Tang Zhenren, member of the Standing Committee of the Qinghai Provincial CPC Committee; Yao Xiangteng, secretary general of the Qinghai Provincial CPC Committee; and Wang Jingli, director of the Qinghai Provincial Public Security Department went to the earthquake-stricken Hainan Prefecture to see the cadres and masses there, as well as the People's Liberation Army [PLA] officers, and soldiers and the armed police officers and soldiers doing relief work.

Comrade Yin Kesheng and his entourage first arrived in Gonghe County to see the cadres and masses there. He also extended warm regards to all the comrades doing relief work and urged them to exert their utmost to help the local people rebuild their homes.

He also held talks with some doctors and nurses.

On behalf of the Qinghai Provincial CPC Committee and the Qinghai Provincial People's Government, Comrade Yin Kesheng also extended heartfelt thanks to all the PLA officers and soldiers, and all the armed police officers and soldiers, who had made valuable contributions to the relief work in the earthquake-stricken areas.

Meeting Held on Relief Work

HK0105032990 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 28 Apr 90

[Text] Yesterday morning, the Qinghai Provincial People's Government held a meeting to discuss and make arrangements for relief work in various earthquake-stricken areas in the province.

Jin Jipeng, acting governor of Qinghai Province, briefed the participants on the situation in Hainan Prefecture and Gonghe County, which were the two most serious earthquake-stricken areas, at the meeting.

Comrade Jin Jipeng said that it is the first time over the past decades that Qinghai has been hit by such a large-scale earthquake. Thanks to the great concern of the Qinghai Provincial CPC Committee and the Qinghai Provincial People's Government as well as to the concerted efforts made by all the departments concerned, the situation in various earthquake-stricken areas has now gradually stabilized. An urgent task at present is to help the people in all the earthquake-stricken areas rebuild their houses and resume their productions as soon as possible.

The meeting decided that the Qinghai Provincial Planning Commission, the Qinghai Provincial Civil Affairs Department, and other six provincial departments form a leading group in charge of relief work and also decided that each of the above-mentioned provincial departments dispatch work groups to various earthquake-stricken areas to carry out investigations, guide relief work, and help people rebuild their houses and resume productions.

Bian Yaowu, Bainma Dandzin, and Ma Yuanbiao, vice governors of Qinghai Province, also delivered speeches respectively, elaborating on the specific relief work measures, at the meeting.

Qinghai People's Congress Listens to Reports

HK0205101490 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 27 Apr 90

[Text] The third session of the seventh provincial People's Congress yesterday afternoon held its third meeting, during which the deputies heard some reports and explanations. Present at the meeting were 312 deputies, which formed a quorum. The executive chairmen of the meeting were Xabchung Garbo, Han Fucai, Yang Maojia, Ye Fei, (Ga Cijia), (Laluo Caiwang), (Si Wenming), (Yan Fuqing), (Hou Dijun), (Qian Fuzhang), (Ma Yushan), (Mao Doushen), and (Tan Keren).

During the meeting, Ga Bulong, vice chairman of the Standing Committee of the provincial People's Congress, entrusted by the Standing Committee, made a work report of the Standing Committee of the Qinghai Provincial People's Congress and submitted it to the meeting for examination and ratification.

Ga Bulong said: After the second session of the seventh provincial People's Congress, the Standing Committee, under the leadership by the provincial party committee and the guidance by the Standing Committee of the National People's Congress, has upheld the correct political orientation, strictly followed the important decisions adopted by the CPC Central Committee, faithfully implemented the essential tasks assigned by the party, took the initiative in performing its duties and exercising the power vested by the Constitution and the law, and played the role of a local state power organ in promoting the development of socialist democracy and legal system in the province, safeguarding the political situation characterized by stability and unity, ensuring the smooth progress of the economic improvement and rectification process, in-depth reform, and the modernization program. New progress has been made in all fields.

Ga Bulong said: This year is the first of the 1990s. The Standing Committee is to carry out the following tasks this year: 1) It is necessary to take the maintenance of steady development as the main task, and to further safeguard, consolidate, and enhance unity, with the stress placed on upholding the party's leadership and defending the socialist system; 2) it is necessary to further strengthen the Standing Committee's supervisory function, centering around the principle of improving the economic environment, rectifying the economic order, and deepening the reform; 3) it is necessary to further speed up the legislation process; 4) it is necessary to maintain closer ties with deputies, and render service to deputies so that they can better perform their duties; 5) it is necessary to continue to strengthen guidance of election of county and township people's congresses, while devoting still greater efforts to self-development of the Standing Committee.

During the meeting, the deputies heard the work report of the Qinghai Provincial Higher People's Court presented by Ma Yougong, president of the provincial Higher People's Court; and the work report of the Qinghai Provincial People's Procuratorate presented by (Suo Yuande), deputy chief procurator of the provincial People's Procuratorate.

Han Fucai, vice chairman of the Standing Committee of the provincial People's Congress gave an explanation of the draft provisions of the Qinghai Provincial People's Congress governing motions, proposals, criticisms, and opinions raised by deputies, and submitted the draft to the meeting for examination and approval.

Voting by a show of hands, the third meeting also adopted the decision on accepting (Xin Shimin)'s resignation from the post of chairman of the Education, Science, Culture, and Public Health Committee of the provincial People's Congress and the decision on accepting (Xue Jimin)'s resignation from the post of member of the Standing Committee of the provincial People's Congress.

Adopts Resolution

HK0205064990 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 30 Apr 90

[Text] The Third Plenary Session of the Seventh Qinghai Provincial People's Congress, which concluded in Xining yesterday afternoon, adopted a "Resolution on the Qinghai Provincial People's Government Work Report."

The "resolution" said that in 1989, the Qinghai Provincial People's Government conscientiously implemented the principle of improving the economic environment, rectifying the economic order, and deepening the reform; did an enormous amount in this regard; and scored marked results in developing all types of undertakings.

The "resolution" pointed out that in order to promote the development of all types of undertakings in 1990, Qinghai must have a stable environment. An overriding task at present is to safeguard stability. Political and social stability form the premise while economic stability forms the foundation. Therefore, Qinghai must concentrate efforts on developing the provincial national economy. This year the campaign to improve the economic environment, rectify economic order, and deepen the reform enters a crucial stage. The people's governments at all levels must conscientiously implement to the letter all CPC Central Committee and State Council policies in light of the local conditions with a view to further pushing ahead with improving the economic environment, rectifying the economic order, and deepening the reform. In order to maintain political stability, Qinghai must steadfastly adhere to economic construction as the center; adhere to the four cardinal principles and the policies of reform and opening up to the outside world; promote steady political, economic, and social development; develop socialist democracy; establish and perfect the socialist legal system; conscientiously implement to the letter the CPC's nationality and religious policies; strengthen nationality solidarity; extensively carry out education on patriotism, collectivism, and socialism on an extensive scale; promote the building of socialist spiritual civilization in a practical manner; further strengthen unity between the Army and the people and between the Army and the government; and consolidate and develop the fine political situation of stability and unity.

The "resolution" said that the people's governments at all levels must conscientiously implement to the letter the "Decision by the Sixth Plenary Session of the 13th CPC Central Committee on Forging Closer Ties Between the CPC and the People" and "Opinions by the Qinghai Provincial CPC Committee on Implementing the 'Decision,'" adhere to the Marxist mass viewpoint and the CPC's mass line, and frequently send cadres to work at the grass-roots level in hopes of bringing into full play the enthusiasm and creativity of the broad masses of the people; encouraging the broad masses of the people to participate in economic construction with one heart and one mind; resolutely eliminating all types of

corrupt phenomena among cadres; promoting the building of a clean government; and further improving and implementing all the existing measures aimed at building a clean government.

The "resolution" called on the people of all nationalities to brace up, work hard with one heart and one mind under the leadership of the CPC Central Committee, and strive to push ahead with Qinghai's socialist modernization building.

Jin Jipeng Elected Qinghai Governor

OW3004136990 Beijing XINHUA Domestic Service
in Chinese 0846 GMT 30 Apr 90

[Text] Xining, 30 Apr (XINHUA)—The third meeting of the Seventh Qinghai Provincial People's Congress today elected Jin Jipeng governor of Qinghai Province.

Jin Jipeng is 56 years old. He is a native of Nanjing City, Jiangsu. He was transferred to Qinghai and appointed deputy party secretary of the Qinghai Provincial CPC Committee in May 1989. He was appointed acting Qinghai governor in October 1989.

Shaanxi CPC Secretary Visits Auto Plant

HK0205063390 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 30 Apr 90

[Text] Yesterday, Zhang Boxing, secretary of the Shaanxi Provincial CPC Committee, went to Shaanxi Automobile Manufacturing Plant to extend holiday greetings to the staff and workers.

Inside the factory, Comrade Zhang Boxing toured several workshops and listened to a work report given by the factory director.

Comrade Zhang Boxing said that Shaanxi should develop its automobile industry by relying on itself and believed that Shaanxi's automobile industry development will definitely push ahead with the development of other industries in Shaanxi.

Xinjiang Increasing Political Education

HK0205062890 Hong Kong AFP in English
0517 GMT 2 May 90

[Text] Beijing, May 2 (AFP)—China's far-west Xinjiang region, shaken by Moslem riots earlier this month, is stepping up political education this month to promote "unity among nationalities," the PEOPLE'S DAILY said Tuesday [as received].

Major speeches by Communist Party General Secretary Jiang Zemin and Premier Li Peng are to be studied during the campaign, the eighth in an annual series, aimed in part to combat "nationalist separatism," the newspaper said.

Twenty-two people were officially reported killed in two days of riots in early April in Baren, a village south of Kashgar, which the authorities blamed on Moslem separatists.

Sixty per cent of Xinjiang's 14.3 million people are Moslems, the majority of them Turkic-speaking Uygurs, Kazaks, Kirgiz and Tadzhiks with kin in neighboring Soviet republics.

May Day Celebrations Held in Xinjiang

OW0205065990 Urumqi Xinjiang Television Network
in Mandarin 1300 GMT 1 May 90

[Announcer-read report over video on May Day celebrations in Urumqi, from the "Xinjiang News" program]

[Text] With a feeling of immeasurable joy, the working people of various nationalities in Urumqi are happily celebrating 1 May, International Labor Day, today. A festive atmosphere of unity and joy prevails everywhere in the streets and lanes of Urumqi. At the people's square and other busy sections of the city, people are seen holding colorful balloons and flowers. They are all in high spirits. [Video shows crowds of people, some in ethnic dress, some holding balloons and flowers, parading the streets; a vehicle wrapped with a red and white banner publicizes the marriage law; a replica of Mickey Mouse and Donald Duck can be seen at a garden party]

Staff members and workers of all nationalities of the city's commerce, industrial, and communications departments have stood fast at their posts on the holiday and have extended the hours of operation to ensure a happy holiday for the people of all nationalities. Staff members and workers of the autonomous regional Civil Affairs Department, the city health station for women and children, and six other units have sacrificed their holiday to launch an extensive campaign to publicize the marriage law. The autonomous regional insurance company is offering consultations free of charge.

On the holiday, all units have sponsored gala gatherings, discussion meetings, sports meets, and other activities to enrich the after-work cultural life of the staff members and workers of all nationalities. As today also marks the beginning of the autonomous region's eighth national unity month, cadres and people of all nationalities have pledged to cherish national unity like the pupils of their eyes so that the colorful flowers of national unity can bloom everywhere in the southern and northern ridges of Tianshan.

Xinjiang's Song Hanliang Marks Lesser Bairam

OW2904002290 Urumqi Xinjiang Television Network
in Mandarin 1300 GMT 26 Apr 90

[From the "Xinjiang News" program]

[Text] [Video begins with medium shots of two males standing on a stage preparing to make a speech, cutting

to show Song Hanliang, Wang Enmao, and other unidentifiable officials applauding. Then the camera pans the hall to show medium shots of other unidentified male and female attendees, cutting to show closeups of Huang Baozhang, vice chairman of Xinjiang Regional People's Government, reading a prepared speech on the stage, and medium shots of other attendees. Video ends with medium shots of performers singing or dancing.]

The Xinjiang Autonomous Regional Commission of Nationality Affairs sponsored a get-together yesterday to mark the Lesser Bairam. The get-together took place at the auditorium of the building of the Xinjiang Regional Committee of the Chinese People's Political Consultative Conference [CPPCC]

Present at the get-together were Wang Enmao, vice chairman of the CPPCC National Committee; and leaders of party, government, and military organizations in Xinjiang, including Song Hanliang, Janabil, Zhang Sixue, Ba Dai, Tang Guangcai, Huang Baozhang, Guo Gang, and (Haili Qiemusilam).

Addressing the get-together, Huang Baozhang, vice chairman of the Xinjiang Regional People's Government, extended festive greetings and cordial regards

from the regional party committee and government to muslims of all nationalities.

He said: The recent counterrevolutionary armed rebellion which took place in Baren township in Akto County was another total exposure of the divisive and sabotage conspiracy carried out by an extremely small number of separatists. Their purpose was to overthrow the CPC, subvert the socialist system, and separate Xinjiang from the embrace of the motherland. Iron-clad facts tell us that the sabotage and disturbances created by separatists at home and abroad constitute the principal danger that threatens Xinjiang's stability. The suppression of the counterrevolutionary armed rebellion in Baren township has once again demonstrated that our Army-people unity and national unity are strong enough to withstand the test of history and that, like a true and great steel wall, they can triumph over the sabotage activities conspired by divisive forces at home and abroad. They are our fundamental guarantee for winning victories in all fields. Strengthening national unity is the key to ensuring political, economic, and social stability in Xinjiang. The vast number of party members, cadres, and people of all nationalities must make new contributions to Xinjiang's stability.

Artists staged highly entertaining shows at the get-together.

Possible Changes to Constitution Discussed

Li Teng-hui Will Not 'Overhaul'

OW2904154590 Taipei International Service in English
0200 GMT 29 Apr 90

[Text] President Li Teng-hui on Saturday said of the constitutional question which will be brought up at the upcoming National Affairs Conference: While certain small areas may be changed, it is not wise to overhaul the Constitution.

Li said the Constitution embodies the spirit of the Republic of China and that is why it should not be changed. However, the temporary provisions to the Constitution could undergo a restructuring. He made the remark when meeting with elderly Overseas Chinese representatives at the Presidential Building. Li also noted that the retirement plan which the government has mapped out for those parliamentarians on Taiwan go as well for Overseas Chinese representatives to the nation's lawmaking body.

Overseas Chinese Urge Retention

OW2904094590 Taipei CNA in English 1557 GMT
26 Apr 90

[Text] Taipei, April 26 (CNA)—Some 600 overseas Chinese community leaders ended [word indistinct] four-day meeting here with a call to "maintain the integrity of the Republic of China [ROC] constitution."

The overseas Chinese declared that they are strongly opposed to replacing the constitution with a "basic law" as had been suggested by some local scholars.

The overseas Chinese representatives said, however, they supported amending the temporary provisions to the constitution in order to "meet practical political needs."

They also emphasized that the right of overseas Chinese to participate in the ROC political process had been "clearly defined" in the constitution and therefore should never be taken away.

As to the election of overseas Chinese representatives to the ROC parliament, they said the election process could be improved but their rights at the parliament "must be protected."

Their declaration also showed concern over the fate of Hong Kong and Macao residents as the two colonies were due to revert to [word indistinct] China in 1998 and 1999 respectively.

The Taipei conference participants urged the ROC government to adopt "clear-cut" policies and take "concrete and effective" measures to help Hong Kong and Macao compatriots.

The participants further called on Chinese Communists to follow the world's democratic trends and to give up their so-called "four cardinal principles".

The Peking leadership should honestly implement political and economic reforms and give the 1.1 billion mainland Chinese greater freedom to pursue higher human values. If the Communists allowed freedom and democracy to take root on the Chinese mainland, the time would be shortened [words indistinct] China could be unified under a system providing equitable prosperity to all Chinese, their statement said.

During the four-day conference, the conferees discussed strengthening the organization of the overseas Chinese communities, developing Chinese language education, and promoting business cooperation among overseas Chinese.

The 582 participants from 79 countries around the globe said they expected their lives in their resident countries would improve with the assistance of their fatherland.

President Li Teng-hui, honoring the overseas Chinese leaders at a dinner party on Yangmingshan, suburban Taipei, thanked them for their "precious recommendations" to the government.

President Li also said he admired their patriotism which had brought them to Taipei for an exchange of views on a wide range of topics including the ROC's mainland policy and current political situation.

Li hoped that the overseas Chinese leaders would tell their families and friends what they had seen in the Republic of China during their visit.

Huang Ping-miu, an overseas Chinese community leader from England, spoke on behalf of all participants in promising to help spread the "Taiwan experience" abroad.

Huang said they had all discussed how to pool the wisdom and experience of overseas Chinese in supporting the ROC's grand undertaking of unifying China under freedom of democracy and an equitable distribution of wealth.

Further Reportage on 'Goddess of Democracy'

Involvement in Activities Denied

OW3004145090 Taipei Domestic Service in Mandarin
2300 GMT 29 Apr 90

[Text] The Chinese Communists' XINHUA NEWS AGENCY on 29 April strongly criticized Taiwan for getting actively involved in the activities of the radio ship Goddess of Democracy, and for doing the opposite of easing relations between the two sides of the Taiwan Strait. At the same time, it also implied that the Chinese Communists might use force to capture and detain the ship. The XINHUA NEWS AGENCY said that in supporting the Goddess of Democracy to conduct open

broadcasting operation along the coast of Chinese mainland, Taiwan is making an open provocation against the Chinese Communists.

This is the first time that the Chinese Communist authorities openly criticized Taiwan by name for getting involved in the activities of the radio ship "Goddess of Democracy" through its official mouthpiece, the XINHUA NEWS AGENCY.

Shaw Yu-ming, government spokesman and director of the Government Information Office, said on 29 April: The 29 April XINHUA report on the "Goddess of Democracy" fully shows that the Chinese Communist regime is using lame arguments in an attempt to put the blame on others. Such an act is not worth further comment.

Director Shaw Yu-ming emphasized: Our government officials have repeatedly reiterated that the Government has not been involved in the non-governmental activities of the "Goddess of Democracy", and will treat it according to relevant international laws and regulations.

Shaw Yu-ming also pointed out: The Chinese Communists' reasoning is fallacious. At this moment, the Chinese Communist authorities should earnestly examine themselves, instead of putting the blame on others.

Chang Hsiao-yen, director of the Department of Overseas Affairs of the Kuomintang Central Committee, reiterated on 29 April: The Kuomintang has not been involved, and will not get involved, in the activities of the "Goddess of Democracy."

To our knowledge, high-level party and government officials will continue to meet in the next few days to discuss the handling of relevant problems created by the "Goddess of Democracy."

High-ranking personnel of the Ministry of National Defense reiterated again yesterday [29 April]: The Armed Forces will not get involved in nongovernmental activities, nor will they provide escort for the "Goddess of Democracy." If the Chinese Communists' forces use the excuse to enter our defense zone, we will take counter-measures in accordance with relevant regulations.

The Chinese Communist XINHUA NEWS AGENCY yesterday criticized Taiwan's support for the activities of the "Goddess of Democracy" as an open provocation and contrary to the effort to ease relations between the two sides of Taiwan Strait. Will the XINHUA criticism give rise to tension between the two sides, and how should the tension be eased? Some scholars hold the following views: Although our support for the democracy ship is not against international law, we should consider the overall situation and avoid escalating it to political and military clashes. Our government should announce its noninvolvement in the activities, and let the people do what they want through indirect channels. In addition, the Taiwan media should scale down their

reportage on the matter, so as not to embarrass the Chinese Communists too much. With world-wide attention turning to China on the eve of the Asian Games, it is unlikely that the Chinese Communists would over-react.

Chang Chien-pang on Docking

*OW0105011090 Taipei Domestic Service in Mandarin
2300 GMT 28 Apr 90*

[Text] Minister of Communications Chang Chien-pang reiterated yesterday: The Ministry of Communications will approve docking by and supplies for the ship Goddess of Democracy in the harbor of Keelung. However, no request has yet been received from the ship itself or from its agent in Taiwan.

Minister Chang Chien-pang also said: If the Goddess of Democracy broadcasts from the high seas to the mainland, or if the Chinese communists attack the ship by force, the Ministry of Communications will in no way handle the matter because it is beyond the jurisdiction of the ministry.

Top Dissidents Will Not Board

*HK0205013590 Hong Kong HONGKONG STANDARD
in English 2 May 90 p 1*

[By Fan Cheuk-wan]

[Text] None of the exiled dissident leaders will board the radio ship "Goddess of Democracy" because of threats against their safety made by the Beijing authorities, a key organizer of the project said yesterday.

It is the second change to be made to the project in the wake of mounting pressure from the Chinese government.

Project co-ordinator and representative of the Paris-based Federation for a Democratic China (FDC), Xu Tianfang, told the HONGKONG STANDARD their original plan to invite leading dissidents to join the ship had to be cancelled under strong pressure from Beijing.

"None of the leaders from the FDC will board the vessel because their personal security will be at risk due to threats from Beijing," he said.

Wuer Kaixi, the FDC's vice-chairman and the most wanted man on China's list of 21 student leaders, said earlier that he would board the ship later this month and begin broadcasts to the mainland.

Overseas Chinese dissidents had earlier suggested the FDC's chairman, Professor Yan Jiaqi, secretary-general Wan Runnan, and Miss Chai Ling, who only recently fled the mainland, should board the vessel to show their support for the project.

"But the current political situation does not allow them to board the ship. There is a substantial danger the

Chinese government may forcibly board the vessel and arrest the dissident leaders while the ship is in international waters," Mr Xu said.

"We have consulted our foreign legal experts. Their advice is that the dissident leaders should not board the ship in order not to provide Beijing with a pretext to use force against the vessel," he said.

Mr Xu, a dissident exile temporarily based in Taipei and who is in charge of the project, said even he might not board the vessel for security reasons.

New Escape Routes Through Hong Kong Reported

*OW3004002190 Taipei CNA in English 1526 GMT
29 Apr 90*

[Text] Hong Kong, April 29 (CNA)—Mysterious criminal syndicates are using Hong Kong as the newest escape route to ship large numbers of mainland Chinese to the West, the SOUTH CHINA MORNING POST reported today.

In the past month, more than 80 people from Kwangtung Province—all claiming involvement in last summer's pro-democracy uprising and carrying false travel documents—used the territory as the first transit point in an elaborate journey to Canada, the report said.

"The latest group to make the dangerous passage through Hong Kong and on to Canada consisted of 34 men, women and children who paid up to \$156,000 Hong Kong dollars to a mysterious syndicate for a trip that took them through several Southeast Asian countries and Poland.

"Earlier this month, a group of 47 men, women and children arrived in Montreal on a chartered plane from Puerto Plata, tourist resort in the Dominican Republic," it said.

According to the report, both operations have baffled Hong Kong police and immigration officials, who are still trying to determine how and when the claimants passed through the territory.

Imported-Chinese Magazine Restrictions Eased

*OW2904094290 Taipei CNA in English 1601 GMT
26 Apr 90*

[Text] Taipei, April 26 (CNA)—The Republic of China [ROC] Government would gradually ease restrictions on

importing Chinese-language political magazines published overseas, Director-General Shaw Yu-ming of the Government Information Office (GIO) said Thursday.

The GIO would soon announce the first list of magazines that may be imported, Shaw said.

The government spokesman, however, told a routine press conference that publications of the Chinese Communist authorities and its front organizations would still be banned from being sold in the county.

Shaw also said that PLAYBOY magazine would not be allowed to publish a Chinese-language edition in Taipei unless it deleted its pornographic contents which violated the nation's publication law.

The first issue of PLAYBOY's Chinese language Taipei edition was banned by local governments immediately after it was issued on April 1.

The Taipei branch of the U.S.-headquartered PLAYBOY Enterprise has applied with the GIO to publish the adult magazine here under a new Chinese name. Shaw said, however, that "the method won't work if the magazine does not change its contents."

The government censorship agency banned a number of local adult magazines last year. PLAYBOY, if violates the law, should not be an exception, Shaw said.

COA To Have Representatives in U.S.

*OW2904090590 Taipei CNA in English 1532 GMT
25 Apr 90*

[Text] Taipei, April 25 (CNA)—The Council of Agriculture [COA] has decided to dispatch Wang Ming-lai and Huang Cheng-fe as Republic of China [ROC] agricultural and fishery representatives in Washington, D.C.

It will be the first time this country has stationed agricultural representatives in the United States.

COA Chairman Yu Yu-hsien first suggested to Premier Li Huan last August that the government station specialists abroad to facilitate consultations on agricultural trade and fishery cooperation with major trade partners.

The council recommended several countries where the ROC could profitably station agricultural and fishery specialists: the United States, Belgium, Argentina, Thailand, and Samoa. After careful study, the cabinet decided initially to dispatch three representatives to Washington, D.C. A third representative will be appointed later.

Hong Kong

Zhou Nan Discusses 'No Change' Policy

HK0205055790 Hong Kong TA KUNG PAO in Chinese
2 May 90 p 7

[Report: "Zhou Nan's Speech at Hong Kong Federation of Trade Unions Cocktail Party"]

[Text] (TA KUNG PAO)—Yesterday, Zhou Nan, director of the Hong Kong Branch of XINHUA, attended and addressed a cocktail party sponsored by the Hong Kong Federation of Trade Unions to celebrate 1 May International Labor Day. The full text of his speech is as follows:

Respected leaders of the Federation of Trade Unions, Trade Union representatives, and friends:

Today, I am very happy to attend this grand cocktail party and celebrate together with you 1 May International Labor Day—the glorious festival of the working class throughout the world. Prior to this year's Labor Day, the Hong Kong Federation of Trade Unions successfully convened its 27th Congress. At this crucial moment in Hong Kong's history, this congress, in line with the needs of the objective situation, put forward a series of correct proposals on making more active efforts to carry out trade union work. This is an event worthy of greeting in the Hong Kong workers movement. First of all I wish to take this opportunity to express my festive regards and sincere tribute to friends from Hong Kong working circles. I extend my warm greetings to the major achievements made by the 27th Congress of the Federation of Trade Unions! I also extend my warm greetings to newly elected leaders of the federation!

International Labor Day is a festival of solidarity and militancy for the working class and working people around the world. In modern Chinese history, Hong Kong workers have a glorious revolutionary tradition. They have written innumerable epic chapters in different historical periods, in the struggle against imperialist aggression and to protect the legitimate rights and interests of the workers, and in the struggle to support the revolution and construction of the motherland. They have made and will continue to make outstanding contributions to the glorious cause of invigorating the Chinese nation and reunifying the motherland. They deserve to be called fine descendants of the Chinese nation. I wish her to convey my heartfelt respect and sincere thanks to friends from working circles attending this cocktail party and, through you, to all the workers in Hong Kong.

The formal promulgation of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China suggests that Hong Kong's transitional period has entered a new stage. In accordance with the Basic Law, China will resume the exercise of sovereignty over Hong Kong on 1 July 1997 and will practice

the principle of "Hong Kong people administering Hong Kong" according to the concept of "one country, two systems." As the mainstay of Hong Kong's society, it is a matter of course that Hong Kong workers should play an important role in "Hong Kong people administering Hong Kong." The federation's congress decided to participate in social affairs on a broader scale in the course of actively popularizing and propagating the Basic Law. Unquestionably, this is quite correct. As a matter of fact, active participation in political and social affairs is complementary and promotive to the workers' efforts for their legitimate rights and interests. We hope that in the years to come, Hong Kong workers will do better in protecting their rights and interests through active participation in political and social affairs and will continuously train and turn out talented people to administer Hong Kong.

The Hong Kong Federation of Trade Unions is a patriotic workers organization with a long history of struggle and also an important force in the Hong Kong worker movement. Hong Kong's return to the motherland will indicate the end of foreign colonialist rule and an important step toward the realization of the great cause of reunifying the motherland. This is the fruit of the struggle and sacrifices of countless, fine descendants of the Chinese nation. As such an era is approaching, there is a need to strengthen education in patriotism among the workers and to strengthen their state concept and national feelings. Cherishing love for the motherland and Hong Kong are inseparable. It should be pointed out that the "one country, two systems" we frequently speak of refers to "two systems" under the precondition of "one country." When we say unchanged, we are not talking about one system, but both. To keep Hong Kong unchanged for 50 years, we have to keep the socialist system on the Chinese mainland intact. Should China change its socialist system, there is no point talking about no change for 50 years in Hong Kong. People with breadth of vision among Hong Kong citizens have more and more explicitly understood that only when the country is prosperous and strong and the political situation remains stable, will Hong Kong be able to maintain its stability and prosperity. They have understood the unanimity between preserving the country's unity and tranquility and maintaining Hong Kong's prosperity and stability. The saying: "With the skin gone, to what can the hair adhere?" explains this truth. Therefore, people who genuinely cherish love for Hong Kong will enthusiastically support the stability and development of the motherland. The workers, who are the most conscious in society, naturally have deeper understanding and feelings about this matter.

"Unity is strength" is the loudest call from the worker's movement. The unity of Hong Kong workers and the people in all sectors is an important guarantee for implementing "one country, two systems" and "Hong Kong people administering Hong Kong." Hong Kong workers are facing glorious and arduous tasks; their

responsibility is heavy and their road ahead is long. We sincerely hope and are convinced that newly elected leaders of the Hong Kong Federation of Trade Unions will: Exert themselves; follow the principle of "cherishing love for the country and Hong Kong, consolidating the workers' solidarity, striving for reasonable rights and interests, and taking part in social affairs" proposed by your 27th Congress; work hard to fulfill various tasks set by the congress; constantly expand the workers' forces;

and make greater contributions to the motherland's prosperity as well as Hong Kong's stability and prosperity!

Now, allow me to propose a toast:
To 1 May International Labor Day!
To the prosperity of the motherland!
To the prosperity and stability of Hong Kong!
To the health of leaders of the federation, trade union representatives, and friends!

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